INTEGRATED
ANNUAL REPORT
2024-25

FEDERAL BANK
YOUR PERFECT BANKING PARTNER

BREAKTHROUGH



ALERT. AGILE. ASTUTE.

Sustainability begins with a thoughtful choice.

This Integrated Annual Report is best experienced in digital format. We urge you, our most valued stakeholder, to consider the environmental impact of printing.

Because each printed copy comes at a cost—to trees, to energy and to our planet.

So, print only if essential.

Website:
www.federalbank.co.in

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Explore Inside the Pages

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Empowered by an illustrious legacy of over nine decades, we continue to be the preferred banking and financial services partner for a growing expanse of customers across India. Our focus has always been on profitable growth — driven by sustainable, high-quality earnings, aligned with long term value creation.

BREAKTHROUGH

The financial year 2024-25 marked a breakthrough year for us, as we crossed the twin milestones of ₹5 Lakh Crore in total business and ₹4,000 Crore in annual net profit, along with asset quality at decadal best. We have achieved improvement on major performance metrics, showcasing our agility in a dynamic operating environment.

Despite broader economic uncertainties, we have managed Net Interest Margin (NIM) pressures through thoughtful asset pricing, steady CASA growth and maintaining strong asset quality, the best we have seen in years. At the same time, we have launched several high-impact initiatives within the franchise to further strengthen efficiency and future growth prospects.

We are:

ALERT in responding to changes in the macro landscape to identify opportunities and also mitigate potential risks to safeguard the interests of customers, investors and other stakeholders.

Read more on page **22** of this Integrated Annual Report.

AGILE in reaching out to more customers and launching innovative products through both physical and digital channels. Following our guiding principle **'Digital at the Fore, Human at the Core',** we drive thoughtful integration of physical and digital channels.

Read more on page **24** of this Integrated Annual Report.

ASTUTE in identifying emerging opportunities, strategically capitalising on them to unlock significant revenue potential and drive sustainable growth.

Read more on page **26** of this Integrated Annual Report.

Breakthrough Happens When...

Values define culture and identity

Vision sets direction

Mission drives action

Vision

To be the 'Most Admired Bank' which is digitally enabled with a sharp focus on Micro, Medium and Middle market enterprises.

Mission

Devote balanced attention to the interests and expectations of stakeholders, and in particular:

Customers: Meet and even exceed expectations of target customers by delivering appropriate products and services, employing as far as feasible, single window and 24-hour-seven-day-week concepts, leveraging a strengthened branch infrastructure, ATMs, other alternative distribution channels, cross-selling a range of products and services to meet customer needs varying over time and ensuring the highest standards of service at all time, guided by our principle of being **'Digital at the fore, human at the core'.**

Shareholders: To achieve consistent growth in shareholder value.

Employees: Develop in every employee a high degree of pride and loyalty in serving the Bank

Values

Our core value framework, CARES, guides how we act and interact with our stakeholders. It highlights the key values and behaviours that define us as a Bank and as employees.

Commitment to Excellence

Agility

Relationship Orientation

Ethics

Sustainability

BOLDER STEPS,

Breakthrough Performance

FINANCIAL PERFORMANCE

₹4,052 Crore
Annual Net Profit
(Highest-ever, up **8.9%** YoY)

₹5.18 Lakh Crore
Total Business
(up **12.24%** YoY)

₹30,167 Crore
Total Income
(up **19.39%** YoY)

₹6,101 Crore
Operating Profit
(up **17.91%** YoY)

STRONG AND PROFITABLE GROWTH

₹9,468 Crore
Net Interest Income (NII)
(up **14.16%** YoY)

₹3,801 Crore
Other Income
(Highest-ever, up **23.45%** YoY)

₹2,994 Crore
Fee Income
(up **23.80%** YoY)

₹16.54
Earnings per Share (EPS)
(up from **₹16.07**)

DECADAL BEST ASSET QUALITY

1.84%
Gross NPA
(vs. **2.13%** last year)

0.44%
Net NPA
(vs. **0.60%** last year)

75.37%
Provision Coverage Ratio (excluding TWO)
(up **429** bps YoY)

DEPOSITS AND CASA MOMENTUM

₹2.84 Lakh Crore
Total Deposits
(up **12.32%** YoY)

₹85,757 Crore
CASA Deposits
(up **15.58%** YoY)

30.23%
CASA Ratio
(up from **29.38%**)

35%
YoY Growth in Growth in Current Account Balances

ROBUST CREDIT GROWTH

₹2.35 Lakh Crore
Net Advances
(up **12.15%** YoY)

₹69,268 Crore
Retail Loans
(up **10.33%** YoY)

₹30,505 Crore
Gold Loans
(up **20.93%** YoY)

₹4,644 Crore
CV/CE Loans
(up **34.93%** YoY)

₹27,199 Crore
Commercial Banking Advances
(up **26.76%** YoY)

CAPITAL STRUCTURE AND ATTRACTIVE RETURNS

1.23%
ROA

13.03%
ROE

16.40%
CRAR (Capital Adequacy)
(up from **16.13%**)

₹33,122 Crore
Net Worth
(up **13.86%** YoY)

DIGITAL AND FRANCHISE EXPANSION

>92%
Digital Transactions Share

15 Lakh+
Active FedMobile Users

85
New Banking Outlets Opened in FY 2024-25

₹25.87 Lakh
Profit per Employee

₹33.11 Crore
Business per Employee

ABOUT THE REPORT

The Full Spectrum of Value Creation

Federal Bank's Integrated Annual Report for the Financial Year (FY) 2024–25 aims to provide stakeholders with a comprehensive, connected and contextual view of how the Bank is creating value across all aspects of its business. Combining both financial results and non-financial insights, the Report captures the linkages between our strategy, people, performance and purpose.

THIS REPORT

- Showcases progress across key strategic business priorities
- Addresses key concerns and expectations of our stakeholders
- Articulates our risk-aware and opportunity-driven approach
- Demonstrates robust governance and ethical stewardship
- Illustrates how ESG considerations are embedded in our decision-making
- Highlights our commitment to sustainable and inclusive development

These facets present in a nutshell our value creation journey.

REGULATORY AND REPORTING FRAMEWORKS

The financial and statutory information has been presented in accordance with the applicable laws, regulations and standards of India.

- The Companies Act, 2013 (including the rules made thereunder)
- The Accounting Standards issued by Institute of Chartered Accountants of India (ICAI) as prescribed under Section 133 of the Companies Act, 2013 read together with the Companies (Accounting Standards) Rules, 2021
- Generally Accepted Accounting Principles prevailing in India
- The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- The Banking Regulation Act, 1949, and other relevant regulatory guidelines
- The Secretarial Standards issued by the Institute of Company Secretaries of India
- Business Responsibility and Sustainability Reporting (BRSR) based on the National Guidelines for Responsible Business Conduct (NGRBC)
- International Integrated Reporting Council (IIRC) Frameworks
- Global Reporting Initiative (GRI) Universal Standards 2021
- United Nations Sustainable Development Goals Principles (UN SDGs)

OUR REPORTING PROCESS

STEP 1
Cross-functional Data Gathering
Financials, ESG data, stakeholder inputs, business risks

STEP 2
Materiality Assessment
Prioritising what's most relevant for our stakeholders

STEP 3
Value Creation Mapping
Using the six capitals to show how value flows through the Bank

STEP 4
Leadership Review and Board Approval
Ensuring integrity, alignment and strategic coherence

STEP 5
Integrated Disclosure
A single source of truth on performance and progress

REPORTING PERIOD AND BOUNDARY

- Reporting Period and Cycle: This Report primarily covers the 12-month period from April 01, 2024 – March 31, 2025. However, certain sections of this Report represent facts and figures of the previous years as well.
- Entity covered: The Federal Bank Limited (Standalone operations of Federal Bank)

THE SIX CAPITALS WE MANAGE

- **Financial** – Profitability, capital strength, investor returns
- **Manufactured** – Physical infrastructure and branch network
- **Intellectual** – Digital platforms and innovative products
- **Human** – Talent, culture, training, leadership
- **Social and Relationship** – Trust, partnerships, stakeholder equity
- **Natural** – Use of resources, green financing, climate action

STAKEHOLDERS WHOSE INSIGHTS MATTER

- **Shareholders and Investors**
- **Customers**
- **Employees**
- **Vendors and Service providers**
- **Ecosystem and Society**
- **Government and Regulatory Bodies**

SDGS WE COMPLY WITH



BOARD RESPONSIBILITY STATEMENT

The contents of this Report have been reviewed and evaluated by the senior management of the Bank and have been approved by the Board of Directors on **July 30, 2025**. The Board acknowledges its responsibility for ensuring the integrity of the Report and confirms that, to the best of its knowledge and belief, the Report presents a fair, balanced and comprehensive view of the Bank's strategy, governance, performance and prospects.

INDEPENDENT ASSURANCE OF BRSR

As one of the top 250 listed entities, Federal Bank is subject to reasonable assurance for BRSR Core parameters, in line with regulatory requirements. In addition to meeting this mandate, the Bank has proactively undertaken limited assurance for the non-core parameters on a voluntary basis, reflecting its commitment to transparency and robust ESG disclosures.

STAKEHOLDER FEEDBACK

For queries or suggestions related to this report, email us at: **secretarial@federalbank.co.in**

RELEASE DATE

The financial results, together with audit reports thereof, were made publicly available on **April 30, 2025**

SHAREHOLDER INFORMATION

The Notice of the Annual General Meeting (AGM) along with the Integrated Annual Report for the financial year 2025 is sent only through electronic mode to the members and are also available on the Bank's website at www.federalbank.co.in and on the website of stock exchanges i.e. BSE Limited (www.bseindia.com) and National Stock Exchange of India Limited (www.nseindia.com).

AWARDS AND ACCOLADES
Breakthrough Moments

RECOGNITIONS FOR FUTURE-READINESS AND WORKPLACE EXCELLENCE

Top 30 Future-Ready Workplaces (Fortune India)

Recognised among India's leading organisations for excellence in workplace transformation, employee-centric policies, and HR innovation.

ASSOCHAM HR Trailblazer Awards

1. Talent Acquisition Best Practices Award
2. Workplace Well-being & Mental Health Advocate Award
3. Learning & Development Trailblazer Award.

Gender Equality Champion (Bombay Chamber DEI Awards 2024)

Honoured as the 1st Runner-up for the Gender Equality Champion Award

Future-Ready Organizations 2024–25 (Economic Times)

Acknowledged under the large enterprise category for dynamic and forward-looking workforce strategies.

KMA Excellence Awards 2024

Recognised for pioneering HR management practices that drive impactful talent development and organisational growth.

MARKETING, CSR AND SOCIAL IMPACT

KMA Green Palms Sustainability Summit 2025

Best CSR Project – Health Sector (Large Enterprises) for the 'Sanjeevani' initiative

e4M Programmatic Advertising Awards 2024

Best Use of Programmatic for Social Good for the #EndDependence Campaign

PRODUCT INNOVATION AND CUSTOMER EXPERIENCE

Bharat Collection and Lending Summit 2025

Leader in Digital Lending Transformation and Documentation

Payments Reloaded Industry Awards 2024

Best Payment Experience for Flash Pay Smart Keychain

TECHNOLOGY AND INNOVATION LEADERSHIP

IBA Technology Awards 2024

Best Bank in AI and ML Adoption and Best Bank for Financial Inclusion; Runner-up in Digital Sales, Payments and Engagement

Infosys Finacle Innovation Awards 2024

Gold Awards in Modern Technologies-led Innovation, Product Innovation and Transformation Excellence

BFSI Excellence Awards 2024

Best RPA Implementation (Private Sector Banks)

SKOCH Award 2024

Silver Award for Conversational Banking through Feddy, the AI chatbot

CRIF Data Excellence Awards 2024

Promising - Data Quality Improvement (Commercial) category

Data Innovation Awards 2025

DataShield Architect Award for excellence in AI, cloud and digital transformation

ACI South Asia Converge 2024

Operational Excellence and Best Customer Experience for real-time fraud management and ATM-based instant loans



A LETTER FROM THE CHAIRMAN'S DESK

The Power of Being Alert, Agile and Astute

> Looking ahead, Federal Bank is well-positioned to sustain its growth trajectory and enhance stakeholder value. We aim to deepen our focus on MSME and retail banking, leveraging data-driven pricing, insights and analytics to optimise portfolio quality.



DEAR SHAREHOLDERS,

The financial year 2024–25 has been a leap forward for the institution, marked by significant milestones, strategic advancements and a steadfast commitment to delivering holistic value to all stakeholders. In a fast-evolving economic landscape, your Bank remained alert to change, agile in execution and astute in decision-making.

I am delighted to welcome your new MD and CEO, Mr. KVS Manian, who assumed the role on September 2024. With three decades of financial services experience, I am confident that his leadership will steer Federal Bank into a new era of growth and innovation, building on the strong foundation laid by his predecessor, Mr. Shyam Srinivasan.

As we reflect on the achievements of the past year, we remain focused on building a resilient and sustainable future. Guided by the founder's enduring ethos of trust, integrity and service, we continue to navigate challenges and opportunities with foresight and purpose. This report encapsulates your Bank's journey, one defined by purposeful initiatives, financial robustness, operational agility and strategic foresight that position the Bank for continued success in a dynamic economic landscape.

The Indian economy in FY 2024-25 demonstrated resilience amid global uncertainties, underpinned by stable domestic demand and prudent macroeconomic policies. The Reserve Bank of India's proactive measures, including a repo rate cut and liquidity-enhancing initiatives, fostered an environment conducive to growth while maintaining inflation within the RBI's target band. The banking sector, however, faced intensified competition for retail and MSME deposits, alongside challenges in certain unsecured lending segments. Despite these dynamics, Federal Bank navigated the landscape effectively, prioritising sustainable growth and maintaining robust asset quality.

Project Breakthrough initiatives that Mr KVS Manian has rolled out, marks a pivotal milestone in your Bank's journey to becoming a truly national and universal financial institution. This transformative initiative is anchored on multiple strategic pillars. Major focus will be on transforming branches to enable scalable and future ready expansion, strengthening the brand to reinforce identity and trust, focusing on profitability-driven growth and leveraging technology.

There are three core strengths among many that your Bank can always take pride in.

First and foremost is the Bank's people-centric culture. It has been and will continue to be the cornerstone of this institution. We are committed to nurturing this and ensuring that the Bank remains at the forefront of the industry in adopting progressive and inclusive human resource practices.

The second is our strength in digital capabilities. We have consistently leveraged technology to drive business outcomes. Our philosophy has always been clear- Digital at the Fore, Human at the Core. In a world being rapidly reshaped by digital disruption, we will continue to lead as first movers in adopting technologies that deliver real value.

The third and perhaps most vital, is our focus on governance. As Chairman, I can assure you that the Board has spared no effort in ensuring that your Bank is managed with the highest standards of integrity, transparency and accountability. We are deeply conscious of the trust placed in us and is fully committed to preserving and strengthening that trust in everything we do.

Looking ahead, Federal Bank is well-positioned to sustain its growth trajectory and enhance stakeholder value. We aim to deepen our focus on MSME and retail banking, leveraging data-driven pricing, insights and analytics to optimise portfolio quality. The Bank will continue to invest in talent acquisition, operational modernisation and fintech partnerships to enhance customer experience and drive revenue diversification. The vision is to break into India's top five private sector banks driven by disciplined execution and a focus on sustainable profitability. We remain committed to balancing growth, resilience and social responsibility, ensuring long-term value creation for all stakeholders.

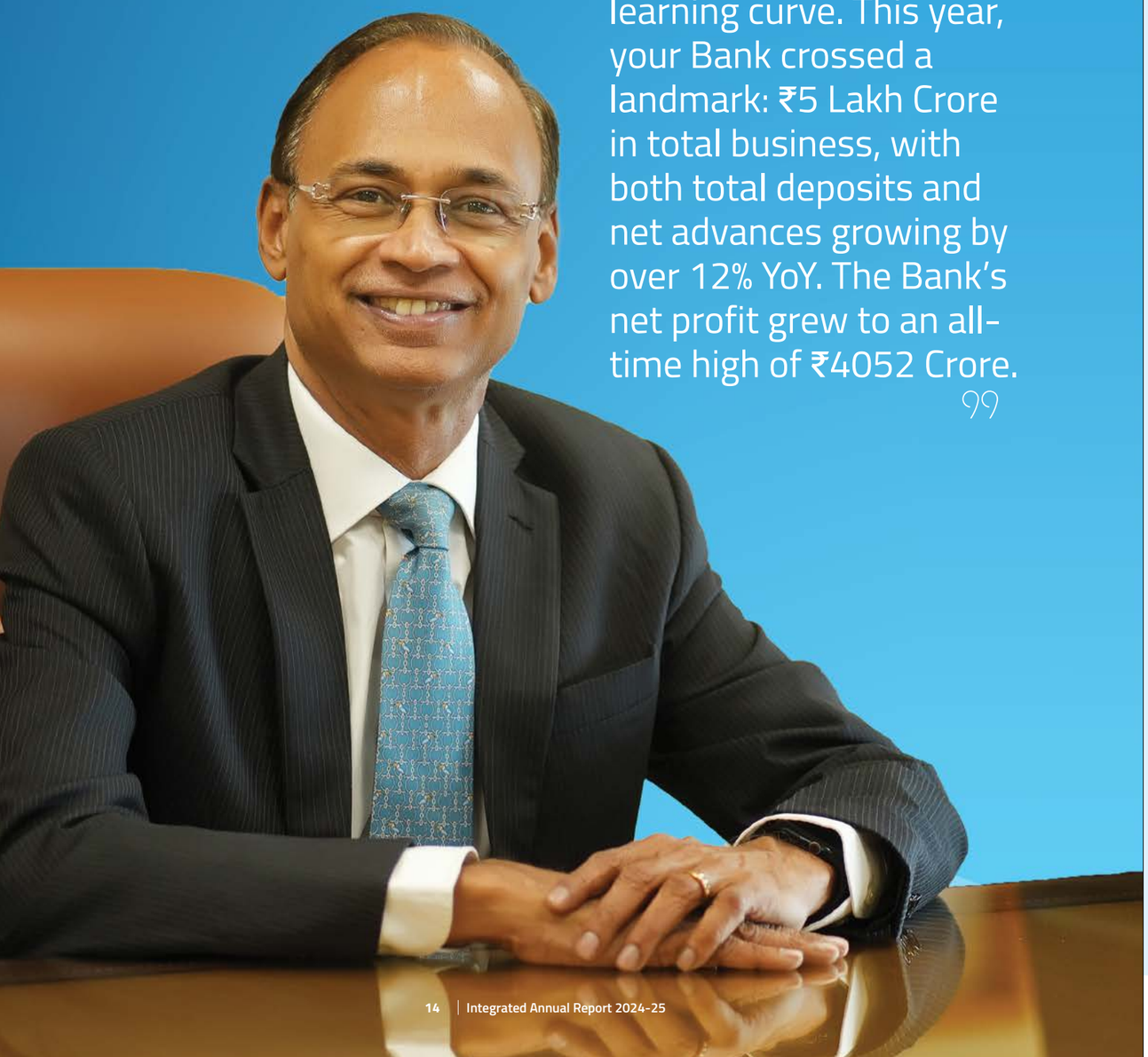
In closing, I extend my gratitude to all shareholders, customers, employees and partners for their support. I would also like to thank all my colleagues on the Board for their shared commitment throughout this journey. The achievements of this year reflect the strength of the team's collective efforts. This being my final year as Chairman, I am happy that the Bank has a robust financial foundation, a clear strategic roadmap and a dedicated team which is poised for a future of growth and impact. We look forward to continuing this journey towards being the **Most Admired Bank** by delivering value and contributing to a sustainable, inclusive economy.

With best wishes,

Abhaya Prasad Hota
Chairman

MANAGING DIRECTOR'S MESSAGE TO SHAREHOLDERS

At a Confluence of Legacy and Possibility



> "Every year that goes by, no matter how successful, is part of an ongoing learning curve. This year, your Bank crossed a landmark: ₹5 Lakh Crore in total business, with both total deposits and net advances growing by over 12% YoY. The Bank's net profit grew to an all-time high of ₹4052 Crore."

DEAR STAKEHOLDERS,

As I pen this message, my first to you as the MD and CEO of Federal Bank, I find myself standing at a confluence of legacy and possibility. I feel immense pride, not only in the position I now hold, but in the journey that lies ahead of us. I step into this role not as a break from the past, but as a continuation of a journey built on belief, ambition and trust. At this moment, I want to thank all the people on whose tall shoulders this institution stands today and in a special way Shyam Srinivasan, my predecessor, for leaving behind a stable legacy.

The journey of your Bank so far has been one of resilience, growth and relevance. The Bank stands apart with a unique combination of strengths that few in the industry can match. Our market leadership in Kerala is well established. It is among the best in the business, if not the very best. Its stronghold in the NR segment continues to be a cornerstone of the franchise, built over decades of trust and deep relationships. It has also built a strong position in the Gold Loan business. Yet there is a lot more to be done to take the Bank to its rightful place.

While your Bank has charted a clear and confident course towards the future, the global landscape tells a more turbulent tale riddled with tremors of war, the weight of protectionist tariffs and a constellation of unpredictable disruption that continue to test the endurance of economies worldwide. Amid this environment which is increasingly multipolar and fragmented, India remains better placed among peers in terms of stability. The country's outlook for FY 2025-26 reflects a picture of steady resilience. With GDP growth according to most estimates projected between 6.2% and 6.7%, the country remains one of the fastest-growing major economies in the world. The economic expansion is expected to be supported by domestic demand, particularly government capital expenditure, services and household consumption while exports, manufacturing, and private capital investment might need more momentum.

In a bold pivot aimed at supporting growth, the Reserve Bank of India cut its policy repo rate by 50 basis points to 5.50% on June 6, 2025. This marks the third consecutive cut this calendar year totalling a full percentage point. This front-loaded rate cut this Financial Year along with the anticipated increase in financial sector liquidity resulting from the proposed 100 basis point reduction in the CRR, are expected to boost confidence across the system, supporting the overall growth of the banking sector and the economy.

As this year strengthens the foundation for India's long-term ambitions, we are staying sharp to opportunities that move us forward. Our focus is clear: to grow responsibly, with sustainable practices and inclusive growth that deliver real value to our stakeholders and the communities we serve.

That said, we all carry a natural instinct to glance in the rear-view mirror before accelerating. Every leap forward invites a look back. And so, as is tradition and wisdom, let us take a moment to glance through the year gone by.

Every year that goes by, no matter how successful, is part of an ongoing learning curve. This year, your Bank crossed a landmark: ₹5 Lakh Crore in total business, with both total deposits and net advances growing by over 12% YoY. The Bank's net profit grew to an all-time high of ₹4052 Crore. These outcomes were driven by sharp execution: strategic asset pricing, a decadal best asset quality and a fortified balance sheet. While these milestones are worth celebrating, they also serve as reminders that there is always another summit to climb.

PROJECT BREAKTHROUGH

Being a firm believer in the power of collective intelligence gave shape to my first point of focus as a Federal, which was to Listen. A series of Listening Tours across the Bank that I did, became more than a sequence of discussions. It emerged as a growing tradition, a forum for genuine ideas, and a springboard for inclusive transformation. Beyond the Listening Tours, many Federals reached out to me directly, while at other times, elected leaders served as vital bridges in our conversations. Every meaningful suggestion, regardless of how it reached us, was heard and acted upon. It must be said that the enthusiasm with which **16,000 strong team of proud Federals** embraced the opportunity to enrich these conversations is truly heartening. The insights gathered from these conversations have become the bedrock of the **New Federal**. As the organisation continues to evolve, I am confident that more such collective thoughts and collaborative energy will keep flowing. **Because, evolution is best when it's not solitary. It's more powerful when it's shared and when no one is left behind.**

At the analyst meet held in February, my team and I presented a set of twelve strategic themes that we believe will play a pivotal role in positioning your Bank not just as a national brand but also among **the top league of private sector banks in the country**. Each of

these themes has been thoughtfully designed to address key levers of growth, efficiency and innovation. When executed well, they will not only help the Bank achieve this aspiration but also reinforce the strength of its foundation and enable scalable expansion into new and emerging opportunities.

We are positioning your Bank to be the **perfect banking partner for SMEs, mid-corporates and the growing mass affluent segment** while not taking our eyes off Financial Inclusion. Digital capabilities, innovation and evolving a partnership ecosystem that have long been integral to the Bank's DNA, and we remain committed to deepening these strengths. With AI emerging as a defining force, your Bank is also keen to explore its potential and thoughtfully test the waters in this transformative space. All these are vital not just for the Bank but also for India's next phase of economic growth and development.

In a move to refresh the brand identity and to connect with a more diverse audience across the country, your Bank has for the first time onboarded a brand ambassador- Vidya Balan who now represents the face of the newly launched **"Savings Ki Vidya"** campaign. This association reflects the Bank's intent to connect more personally with customers and present Federal Bank as a trusted and contemporary choice.

For the first time in close to a decade, we move forward without Shalini Warrier, whose contributions to the Bank have been invaluable. On behalf of all the stakeholders, I take this opportunity to thank her. At the same time, we celebrate the elevation of Venkatraman Venkateswaran to the Board, joining Harsh Dugar and me. This is a moment of pride, a reflection of his individual merit and the depth of the organisation's existing talent pool.

As we scale both in ambition and achievement it is clear that we will need more hands on deck. One of the strongest validations of the Bank's aspiration is the fact that the best minds from across the industry are ready to join the Federal fraternity. This infusion of external expertise which adopts the Federal pride, combined with our cadre of home-grown leaders gives the Bank an eclectic mix that will bring fresh perspectives while staying rooted in the culture that always defined this institution.

A notable initiative of Project Breakthrough is 'Free the Branch' code named **'Operation Udaan'**. As the field team and especially our branches sharpen their focus on customer engagement and sales, it becomes imperative to empower them by streamlining their operational workload, allowing them to redirect energy where it matters most: building relationships, delivering exceptional service and driving sales. True to its name, this initiative sets the stage for a significant take off for the Bank as a whole. But as the Bank rises to meet greater ambitions, rest assured that its risk and compliance frameworks will remain uncompromising.

AAA MINDSET

To call the last year just eventful would be an understatement. The change of guard at the helm would not have been so smooth if it was not for the whole-hearted support of the Board and the Senior Management Team. Shri A P Hota who has entered his last year of chairmanship has guided **Federal Bank on to the runway of this new journey**. I remain deeply thankful to the Chairman, the Board and my team. Their trust is not just an honour, but also a source of inspiration and resolve to lead this institution to even greater heights.

As we reflect on our ascent, it is clear that this journey calls for us to **stay 'alert' to change, 'agile' in action, and 'astute' in judgment.** It is about knowing when to pause, when to push forward, and how to adapt to landscapes that shift from serene to stormy in moments. The path could well be filled with challenges. But my team and I remain resolute and confident in our ascent.

I hope this Annual Report and my letter have offered valuable insights. As much as the team and I take **pride in being Federal,** I hope you do too. Thank you for standing by us and for always believing in our journey. I firmly believe that, together, we will **Breakthrough.**

Regards,

KVS Manian
Managing Director and
Chief Executive Officer

To watch the Analyst Meet video, scan the QR code or on our YouTube @ https://youtu.be/rhpUdyUbwuw?feature=shared

A HEARTFELT TRIBUTE TO MR. SHYAM SRINIVASAN

Thank You for Shaping Federal Bank's Future



As Mr. Shyam Srinivasan concluded his illustrious tenure as Managing Director and CEO in September 2024, we take this moment to express our deepest gratitude for his transformative leadership and commitment to Federal Bank.

Over 14 remarkable years, Mr. Srinivasan redefined the trajectory of the Bank, from a strong regional presence to a nationally admired and globally respected institution. His vision was bold, his execution meticulous and his passion for excellence unwavering.

Under his stewardship:

- Digital innovation flourished with industry-first offerings such as FedBook, BYOM, SmilePay and FedMobile, placing the Bank at the forefront of digital banking, with over 90% of transactions now being digital.
- A robust credit architecture was established, backed by strong governance, specialised underwriting hubs and early warning systems.
- The Bank adopted a 'Lite Branch, Heavy Distribution' model, enhancing reach and customer engagement across India.
- Sustainability became a strategic priority, with Federal Bank becoming the first Indian Bank to receive IFC's Greening Equity investment.
- A vibrant, inclusive culture took root, with women now representing 41% of the workforce and the Bank being consistently recognised as a Great Place to Work.

What truly set Mr. Srinivasan apart was his ability to dream big and turn vision into reality. He championed a culture that valued both performance and people, systems and spirit, agility and ethics.

His legacy is not just reflected in milestones achieved but in the culture of innovation, integrity and inclusion that defines us today.

As we look to the future, we carry forward the inspiration of his leadership, the strength of his values and the aspiration to live up to the standards he set.

Thank you, Mr. Shyam Srinivasan. Your leadership has shaped our present and will forever inspire our future.

- From the Federal Fraternity

FINANCIAL REVIEW

Performing with Clarity and Commitment

FY 2024–25 was a breakthrough year for Federal Bank, one that tested our agility, sharpened our alertness and reaffirmed our astuteness in navigating a dynamic economic landscape. We delivered record-breaking performance, with total business crossing ₹5.18 Lakh Crore and net profit reaching ₹4,052 Crore.

With double-digit growth across key segments, industry-leading asset quality and continued momentum in fee-based income, our results reflect our financial strength as well as the resilience and adaptability of our tech-driven operating model.

NET INTEREST INCOME
(₹ in Crore)

FY 2024-25	**9,468**
FY 2023-24	8,293
FY 2022-23	7,232
FY 2021-22	5,962
FY 2020-21	5,534

NET TOTAL INCOME
(₹ in Crore)

FY 2024-25	**13,269**
FY 2023-24	11,373
FY 2022-23	9,562
FY 2021-22	8,051
FY 2020-21	7,492

OPERATING PROFIT
(₹ in Crore)

FY 2024-25	**6,101**
FY 2023-24	5,174
FY 2022-23	4,794
FY 2021-22	3,758
FY 2020-21	3,801

NET PROFIT
(₹ in Crore)

FY 2024-25	**4,052**
FY 2023-24	3,721
FY 2022-23	3,011
FY 2021-22	1,890
FY 2020-21	1,590

CAPITAL ADEQUACY RATIO
(%)

FY 2024-25	**16.40**
FY 2023-24	16.13
FY 2022-23	14.81
FY 2021-22	15.77
FY 2020-21	14.62

NET ADVANCES
(₹ in Crore)

FY 2024-25	**2,34,836**
FY 2023-24	2,09,403
FY 2022-23	1,74,447
FY 2021-22	1,44,928
FY 2020-21	1,31,879

TOTAL DEPOSITS
(₹ in Crore)

FY 2024-25	86,378	1,97,270	**2,83,647**
FY 2023-24	74,651	1,77,883	2,52,534
FY 2022-23	70,120	1,43,266	2,13,386
FY 2021-22	67,471	1,14,230	1,81,701
FY 2020-21	58,713	1,13,932	1,72,644

CASA + Other Demand Deposits
Term Deposits

GROSS NPA
(%)

FY 2024-25	**1.84**
FY 2023-24	2.13
FY 2022-23	2.36
FY 2021-22	2.80
FY 2020-21	3.41

NET NPA
(%)

FY 2024-25	**0.44**
FY 2023-24	0.60
FY 2022-23	0.69
FY 2021-22	0.96
FY 2020-21	1.19

PROVISION COVERAGE RATIO#
(%)

FY 2024-25	**75.37**
FY 2023-24	71.08
FY 2022-23	70.02
FY 2021-22	65.54
FY 2020-21	65.14

Excluding Tech W/O

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED (EVG&D)

	Unit	2024-25	2023-24
A. Direct Economic Value Generated	₹ Crore	**30,166.50**	**25,267.53**
Revenues	₹ Crore	30,166.50	25,267.53
B. Economic Value Distributed	₹ Crore	**25,675.54**	**21,370.59**
Operating Costs (cash payments made outside the organisation for materials, product components, facilities and services purchased)	₹ Crore	4,004.34	3,102.48
Employee Wages and Benefits	₹ Crore	3,088.28	2,823.09
Payments to Providers of Capital (dividends to all shareholders, plus interest payments made to providers of loans)	₹ Crore	17,191.26	14,129.69
Payments to Government (taxes plus related penalties paid at the international, national and local levels)	₹ Crore	1,316.18	1,257.78
Community Investments	₹ Crore	75.49	57.55
C. Economic Value Retained (A-B)	₹ Crore	**4,490.96**	**3,896.94**

Alert. Agile. Astute.

Our strength lies not just in what we achieve, but in how we choose to operate. In a digitally enabled financial ecosystem, we remain alert to emerging risks and opportunities, agile in our response and execution and astute in the decisions that shape our long-term direction.

These three principles—Alert, Agile and Astute—define our approach to business. They enable us to balance technology and trust, combine speed with stability and pursue growth with clarity and discipline. Whether delivering seamless digital journeys, building enduring customer relationships or strengthening governance, we operate with clarity, conviction and consistency.

ALERT

Always Listening. Always Ready.

Cyber Resilience

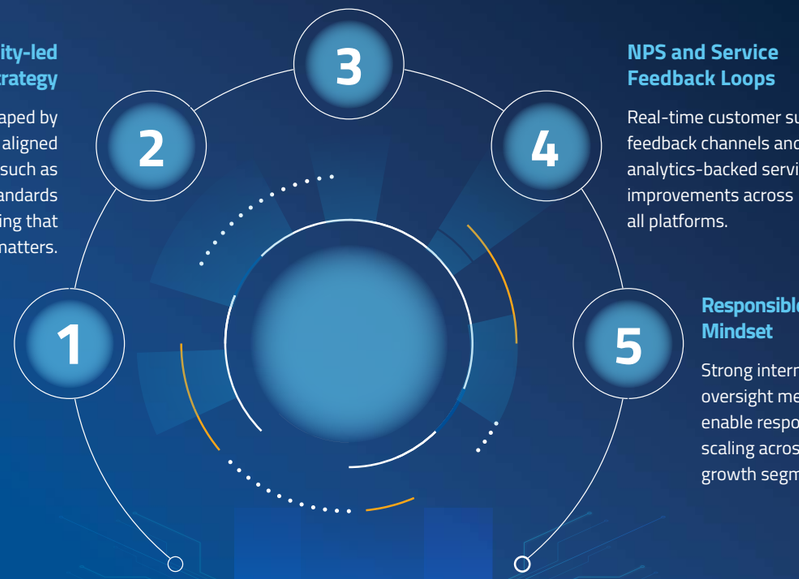
With FedSecure, our two-factor authentication (2FA) application, we have enhanced digital security by adding an extra layer of protection to user access and transaction verification.

Materiality-led ESG Strategy

Our ESG roadmap is shaped by stakeholder inputs and aligned with global standards such as the GRI and national standards including BRSR, ensuring that we focus on what truly matters.

Proactive Risk Management

An integrated risk management framework is in place, supported by early-warning indicators and rigorous stress testing, ensuring preparedness across all levels of the Bank.



NPS and Service Feedback Loops

Real-time customer surveys, feedback channels and analytics-backed service improvements across all platforms.

Responsible Growth Mindset

Strong internal audit and oversight mechanisms enable responsible scaling across high-growth segments.

EVERY VOICE MATTERS. EVERY INSIGHTS COUNTS.

We view every customer interaction as a valuable opportunity to learn, evolve and enhance our offerings. In line with this philosophy, we introduced a dynamic and inclusive feedback system across all branches during the year.

NPS, a globally recognised metric, is integrated into this feedback system to help us understand how likely our customers are to recommend our services—giving us a clear, actionable view of where we excel and where we can improve.

This initiative enables near real-time collection of customer insights, transforming every comment, rating and suggestion into actionable intelligence for better banking experiences.

All feedback is systematically analysed and shared monthly with our frontline teams, equipping them to take focused and timely action that directly responds to customer needs.



"The account was dormant. But our relationship was not."

Reviving a High-value Client Relationship through Proactive Engagement

An inactive client account is often seen as a closed opportunity. However, at our Thodupuzha branch, a different mindset prevailed. When a long-standing hospital client's account turned dormant, the team remained engaged, maintaining regular contact, staying informed about the client's business developments and nurturing the relationship with intent.

Their attentiveness proved timely. As the hospital approached acquisition, we were already positioned as a trusted partner, ready to respond with speed, insight and continuity. Our team brought relational depth to the table, understanding both the strategic potential and the people behind the account.

This engagement resulted in the client crediting ₹42.36 Crore to the Bank's CASA portfolio, a reaffirmation of trust built through consistent and meaningful outreach.

For us, alertness means being present, prepared and deeply connected to every opportunity we have earned.

AGILE

Quick to Respond. Built to Scale.

Dynamic Product Innovation

Fast-track offerings such as SmilePay facial recognition, digital KCC and Fed-e-Trade for seamless Digital trading are transforming customer journeys.

AI and Automation at Scale

Leveraging AI with cutting-edge solutions and Feddy, our multilingual chatbot, to enhance customer experience.

FinTech Friendly

Forging dynamic partnerships with ecosystem players to drive co-origination, embedded finance and third-party distribution, enabling rapid adaptation to market needs and accelerating digital integration.

Digital at the Fore, Human at the Core

Seamless convergence of physical and digital realms, with branches reimagined as immersive hubs for experience and relationship building.

Segmented Marketing

Implementing targeted campaigns under the 3S framework, blending emotional relevance with digital precision, ensuring agile, real-time responses to customer needs and market trends.

INNOVATION THAT FEELS INTUITIVE

No cards. No phones. No passwords. Just look into the screen—and pay.

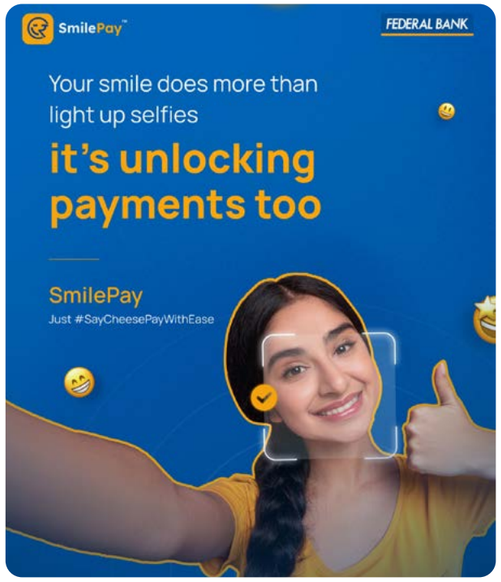
What if a payment needed nothing but a smile?

Introducing SmilePay™, India's first facial recognition-based payment system, a revolutionary leap in digital finance. Developed on the trusted foundation of BHIM Aadhaar Pay, SmilePay™ brings together cutting-edge biometric technology and the power of Aadhaar authentication to create a payment experience that is:

- **Seamless** – Pay instantly with nothing but your face.
- **Secure** – Biometric-level security that protects your identity and data.
- **Inclusive** – Designed to serve every Indian, especially those without access to traditional banking tools like smartphones or cards.

Launched in FY 2024-25, SmilePay™ is a vision for the future of finance. Whether one is buying groceries, paying utility bills or shopping at their favorite store, SmilePay™ ensures payments are quick, intuitive and effortlessly secure.

Because in the future, **a smile is all you need.**



"They did not know our name. Now, they cannot forget it."

Engaging the Seafaring Communities of Navsari through Grassroots Outreach

In Gujarat's Navsari district, seafaring is deeply rooted in the culture. However, despite the community's financial potential, formal banking access remained limited and awareness of Federal Bank's offerings was minimal. Recognising this untapped opportunity, we adopted a relationship-first approach, engaging with the community not as service providers, but as partners.

Local teams participated in community gatherings, cultural functions and sports events, building trust through visible, consistent presence rather than conventional outreach. A key moment came during a popular cricket tournament, where our engagement extended beyond visibility, promoting authentic conversations and addressing queries in an informal, relatable setting.

This grassroots approach led to the opening of 50 new accounts and, more importantly, established a foundation of long-term goodwill in a previously under-engaged customer segment.

Breakthrough

Strategic community engagement resulting in new account openings and the initiation of a lasting banking relationship in a region with strong informal networks.

Agility is reflected in our ability to respond to context, build relevance from the ground up and forge trust through meaningful presence.

ASTUTE

Disciplined Thinking. Distinctive Execution.

Customer-centric Transformation

Every digital transformation is designed with customers at the centre and supported by stringent risk and quality controls.

Strategic Board Composition

Our Board balances executive leadership and independent oversight, with deep sectoral expertise.

Leadership Philosophy

Collaborative, inclusive leadership that ensures alignment between strategy and execution.

Strong Governance Culture

Ethical behavior and accountability are deeply ingrained across the Bank, from the Board to frontline employees.

Long-term Value Focus

Integrated approach to growth, profitability and sustainability, with strong capital stewardship and trust-building.



A QUIET REVOLUTION IN OPERATIONAL GOVERNANCE

Managing thousands of vendor payments across multiple departments demands unswerving discipline. Pragati, Federal Bank's digital Procurement-to-Pay platform, introduced structure, control and clarity, transforming a once-fragmented process into a seamless, automated system.

Built on Oracle Fusion, Pragati minimises manual input, automates tax calculations, enforces approval workflows and ensures end-to-end compliance.

With 90% of invoices cleared within a day of approval and integrated tools such as the TDS Rule Engine and GST credit reconciliation, it delivers both speed and strategic oversight.

PRAGATI
WITH YOU IN THE JOURNEY TOWARDS PROMINENCE!

"Where governance meets grace."

Partnering with the Government of Tamil Nadu to Advance Social Impact and Public Service Delivery

Federal Bank, leveraging its strategic foresight and institutional capability, collaborated with the Government of Tamil Nadu to enhance the efficiency and transparency of public welfare and civic services.

In a pioneering move, the Bank became the first private sector bank to enable Aadhaar-based Direct Benefit Transfers (DBT) in the state, supporting disbursements under eight key government schemes, including scholarships and fellowships. This initiative was built on a secure digital integration framework, ensuring that funds reached eligible beneficiaries in a timely and accountable manner.

To further strengthen e-governance, we facilitated Bharat Bill Payment System (BBPS)-enabled tax collection across all 24 urban municipal corporations in Tamil Nadu, marking a national first in private sector participation at this scale. The platform offered a seamless, transparent mechanism for tax payment, thereby improving compliance, operational efficiency and citizen convenience.

Breakthrough

A dual-faceted intervention combining welfare disbursement and tax administration — enabling improved governance outcomes through digital public infrastructure.

Astuteness is reflected in our ability to engage deeply with public systems, deliver at scale and create shared value through thoughtful partnerships.

OUR PRESENCE

Growing Our Footprint with Agility and Acumen

We, at Federal Bank, are expanding our branch network in a focused and measured way.

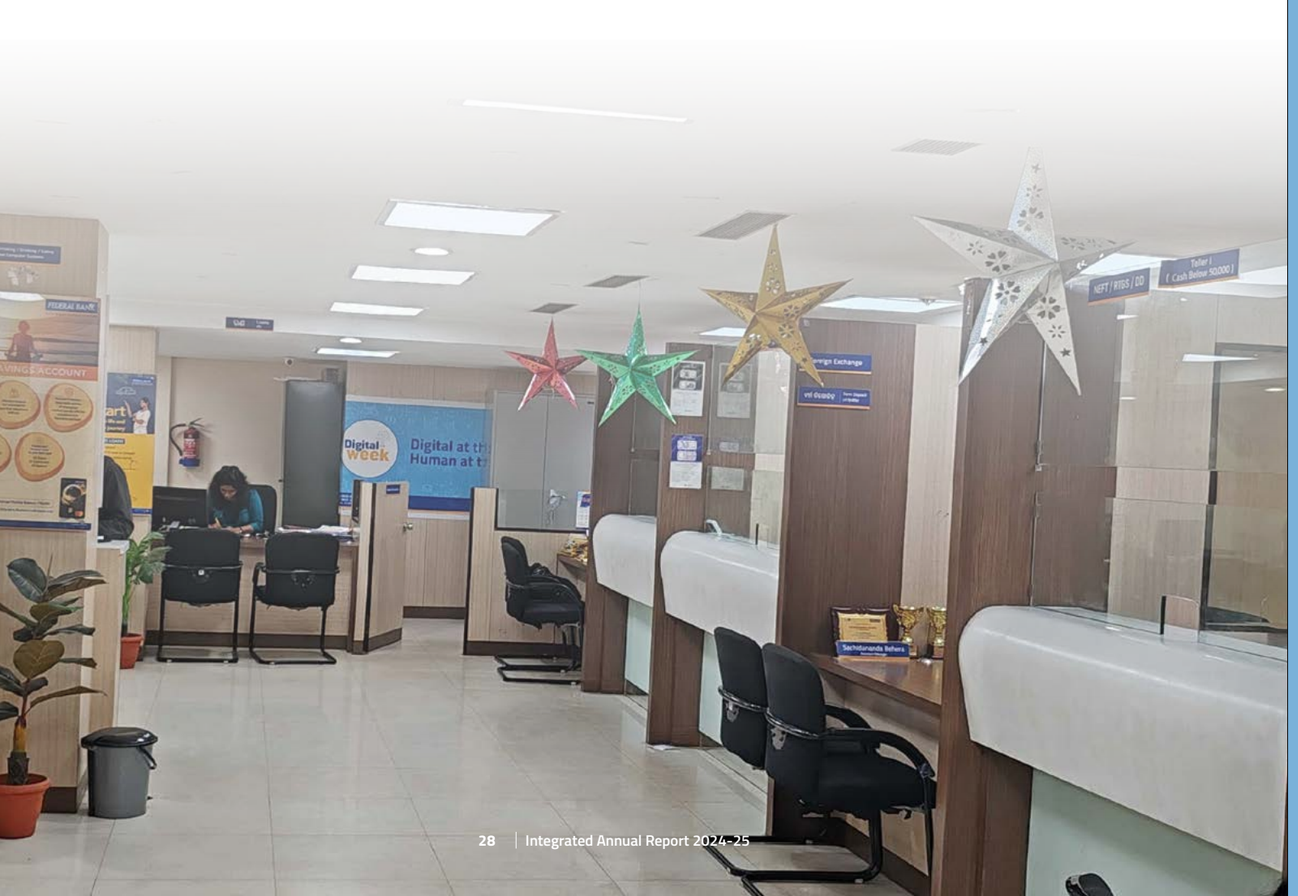
Our approach is guided by demand patterns and customer needs in each region. While we continue to deepen our presence in the South, we are also growing in high-potential markets across the West, North and Northeast. This strategy ensures we stay responsive to opportunities and bring banking closer to more people and businesses across India.

1,589
Banking Outlets (Including Extension Counters)

85
New Outlets Opened in FY 2024-25

2,080
ATMs/Cash Recyclers

1,206
Dedicated Relationship Managers

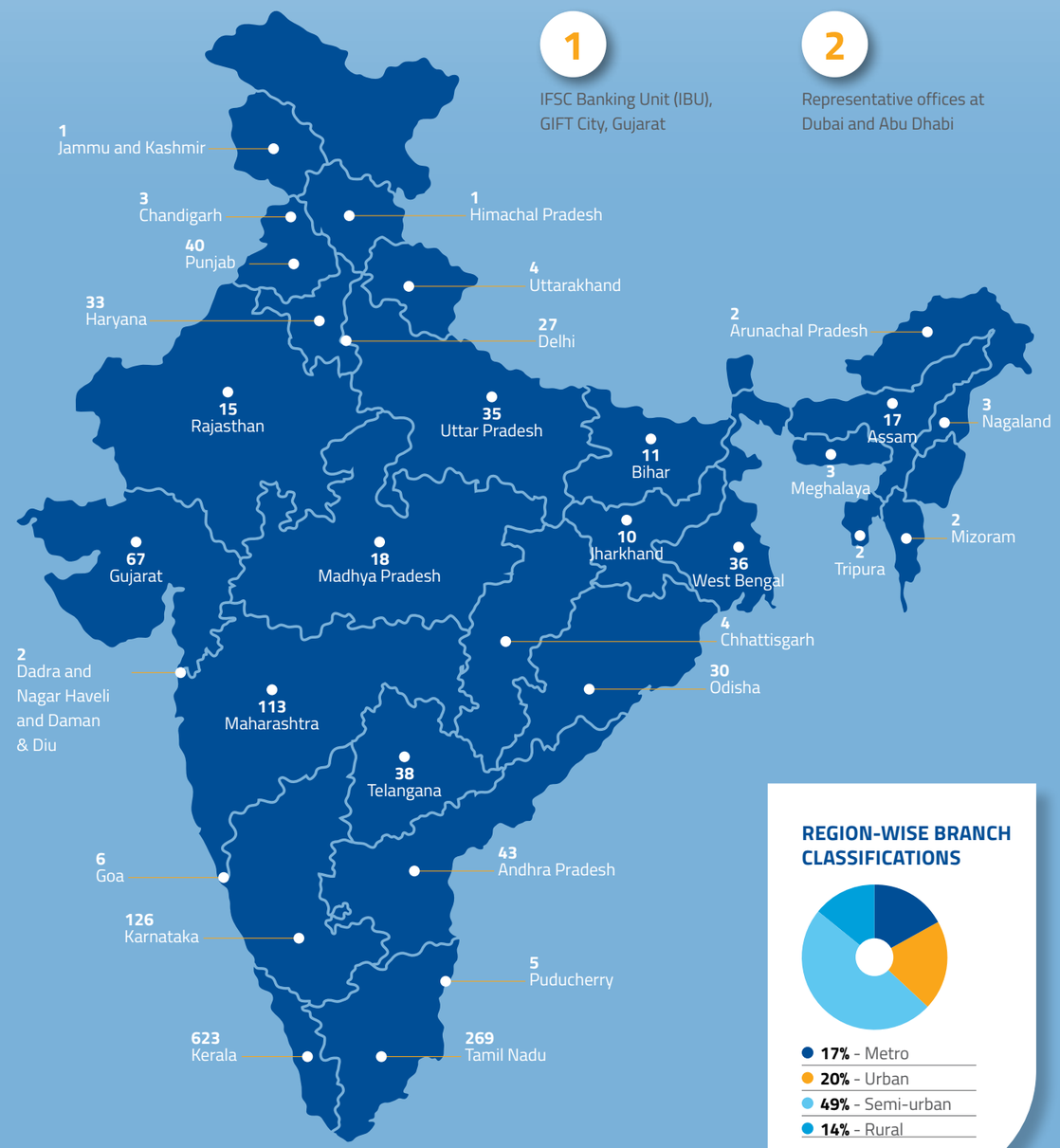


26
States

5
Union Territories including Delhi NCT

1
IFSC Banking Unit (IBU), GIFT City, Gujarat

2
Representative offices at Dubai and Abu Dhabi



REGION-WISE BRANCH CLASSIFICATIONS

- **17%** - Metro
- **20%** - Urban
- **49%** - Semi-urban
- **14%** - Rural

OUR BUSINESSES

An Agile Growth Story

RETAIL BANKING

Sustaining Momentum With Depth, Reach and Digital Leadership

In FY 2024-25, we continued to deepen our retail franchise, powered by agile execution and a sharp focus on relationship-led growth. Our emphasis on customer segmentation, deposit granularity, digital-first delivery and smart product innovation strengthened our position as a banker of choice across urban and rural India as well as the global NRI diaspora.

Performance Highlights

₹69,268 Crore
Retail Advances
(10.3%)

₹30,505 Crore
Gold Loans
(20.9%)

₹19,064 Crore
Business Banking Advances
(11.4%)

₹4,644 Crore
CV/CE Advances
(34.9%)

₹8,209 Crore
Agri Advances
(9.3%)

₹4,110 Crore
Micro Loans
(19.2%)

₹2,83,647 Crore
Deposits
(12.3%)

15.6%
Growth in CASA
(CASA ratio improved by 85 bps to 30.23%)

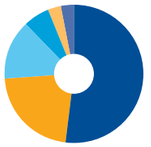
₹1,35,800 Crore
Retail Credit Book
(14%)



Our retail strategy in FY 2024-25 focused on optimising deposit quality and enhancing customer engagement. The CASA portfolio grew by 15.6% YoY, led by a 34.9% surge in Current Account balances. This was enabled through targeted onboarding, activation campaigns and customised product propositions. Retail book stood at ₹1,35,800 Crore, with strong momentum observed in Gold Loans, CV/CE and Business Banking segments.

Our housing and LAP portfolios also continued to perform well, with calibrated pricing and segment-specific strategies. We further expanded our footprint in high-potential geographies and increased accessibility through digital channels, offering seamless onboarding and other services.

Retail Credit Book Mix



- **52%** - Retail
- **22%** - Gold
- **14%** - BuB
- **6%** - Agri and Allied
- **3%** - CV/CE
- **3%** - Micro Loans

Key Initiatives

Product Launches

- **Prospera NRE:** A specialised offering tailored for the emerging affluent NRI segment. This Account variant got excellent response and the Bank could open over 3,200 new accounts within weeks
- **Esteem:** Savings Account for the age group of people above 55 years
- **GovEarn and GovEarn Prime:** Basic and premium Salary accounts for government employees
- **RERA Accounts:** Tailored RERA compliant accounts, ensuring transparency, accountability and ease of project management
- **CA Sweep+:** A special Current Account product that offers high liquidity with enhanced returns

Deposit Campaigns

- **POS and Soundbox** offers to grow CA base
- **Annuity Deposit Scheme** for long-term savers

Digital Innovations

- Term Deposit booking via WhatsApp through **'Feddy'**
- **NRO Online Portal** for seamless NRO account openings
- FedOne is a full-service portal for MSMEs and corporates

Customer Engagement

- Personalised notifications delivered via SMS, email and in-app pop-ups based on transaction and engagement analytics
- Influencer and staff-led marketing campaigns for CASA and deposit products

Result

- Over ₹90,000 Crore NRI deposit base, up 9.66% YoY
- NR CASA grew 10.06% YoY, strengthening our international franchise
- 5.2 Lakh credit cards in force as of March 2025, with spends reaching ₹5,734 Crore (growth of over 85% over previous year)
- Housing Loan book crossed ₹29,000 Crore (up by 6.8%), LAP portfolio crossed ₹14,000 Crore (up by 20.4%) and Auto Loan book grew by 18% to ₹8,600 Crore
- Retail deposit market share improved by 3 bps YoY

Micro Credit with Macro Impact

Our Inclusive Finance lending programme continues to unlock value for underserved segments especially in rural areas. In FY 2024-25, we supported over 1100 Self Help Groups, disbursing ₹ 117 Crore to over 10,000 beneficiaries, most of them women. The initiative catalysed community transformation through improved credit access in hard to reach rural areas, livelihood support and financial literacy.

"Earlier I had no access to funds during school season. Now, with SHG loans from Federal Bank, I have received timely credit support to meet my urgent financial requirements and even undertake livelihood generation activities."

— Sumathi R, SHG Beneficiary, Palakkad District

BUSINESS BANKING

The Business Banking (BuB) vertical continued to provide flexible and accessible financial solutions tailored to the dynamic needs of MSMEs and mid-market enterprises.

- Offered a wide suite of term loans, working capital, non-fund limits, trade finance and pre-approved loans, supported by tailored repayment structures.
- Collateral-free loans extended under CGTMSE, Stand-Up India and various state-supported schemes.
- New digital journeys and mobile-enabled servicing enhanced convenience for business owners, while a dedicated sales team focused on acquiring new-to-bank customers.

WHOLESALE BANKING

Federal Bank's Wholesale Banking franchise maintained its trajectory of responsible and resilient growth in FY 2024-25, driven by deep understanding of client needs, proactive support to MSMEs and business segments and a consistent focus on balanced sectoral exposure.

Our approach combined thoughtful product design, relationship-led engagement and accelerated digital onboarding to address the evolving needs of enterprises across the spectrum.

Performance Highlights

₹85,571 Crore
Corporate Banking Advances (Incl Credit Substitutes)
(8.0%)

₹27,540 Crore
Commercial Banking Advances (Incl. Credit Substitutes)
(27.3%)

₹73 Lakh
Average MSME Loan Ticket Size (Growing credit appetite)

Over
₹1,000 Crore
Business Financed Through Supply Chain Solutions

18
OEM partnerships under Channel Finance



DIGITAL BANKING FOR BUSINESS CLIENTS

In FY 2024-25, we enhanced our digital infrastructure for business clients.

- **FedOne** offers an innovative, seamless and secure solution for transactions including single payments, bulk vendor payments, salary payments and statutory payments.
- The receivables management module of this platform (known as Collection Hub), is tailored to meet the evolving business requirements of key industries such as Broking, Mutual Funds, Utilities, NBFCs / MFIs, Manufacturing and Travel. The Bank aims to unlock new industry segments for the transaction banking and liability business through these industry-specific solutions.
- Onboarding journeys were simplified with **e-signatures**, self-service features and auto-verification tools.
- Business clients now benefit from 24x7 support, instant disbursements and real-time insights through **FedCorp** and **CRM-integrated support.**

SUPPLY CHAIN AND VALUE CHAIN FINANCING

Our integrated approach to value-chain financing enabled MSMEs to unlock working capital and manage cash cycles efficiently.

- Supply chain finance offerings included invoice discounting, vendor/distributor finance and purchase order funding.
- Growing demand in FY 2024-25 for such solutions was supported by platform partnerships and digitised documentation processes.
- Outlook for FY 2025-26 remains strong, driven by demand for liquidity, resilience and cash-flow optimisation.

Our Supply Chain Finance (SCF) book continued its upward trajectory in FY 2024-25, driven by a 22% growth in the non-factoring portfolio and a 2.5% rise including factoring. This growth is powered by Fed SCF—a fully digital, automated platform offering seamless supply chain solutions to corporates, vendors and dealers.

SCF Book Growth (YoY in ₹ Crore):

- Excluding Factoring: ₹2,897 Crore ⟶ ₹3,536 Crore (Growth: ₹639 Crore | 22%)
- Including Factoring: ₹7,125 Crore ⟶ ₹7,303 Crore (Growth: ₹178 Crore | 2.5%)

CREDIT DISCIPLINE AND PORTFOLIO DIVERSIFICATION

Federal Bank ensured credit growth was underpinned by rigorous risk practices.

- **Concentration risk** was managed through borrower and sectoral caps, regional diversification and stress-testing.
- Post-disbursal usage was closely monitored via **site visits, financial covenants, early warning systems** and analytics-based reviews.
- The business banking portfolio expanded into **Tier 2 and 3 cities**, industrial clusters, ports and emerging MSME hubs across India.

SUPPORTING MSMEs

We continued to actively participate in national and state schemes, enabling wider access to credit.

- CGTMSE and TReDS platforms were leveraged to disburse unsecured loans and facilitate receivable financing.
- Under Kerala's NDPREM, returned NRIs were supported with dedicated business loans.

GREEN LENDING AND ESG ALIGNMENT

In line with our purpose-led vision, we follow a robust Environmental and Social Management System (ESMS) Policy that governs the identification, assessment and management of environmental and social risks in our lending operations. Various aspects of ESG compliance of the borrower are covered as part of the due diligence. The due diligence process include document verification, discussion with relevant teams of borrowers and site visit based on the nature & complexity of the proposal. As part of the E&S due diligence, Bank evaluates

- Compliance to exclusion list
- Policies and frameworks available with the borrower covering Employee Health & Safety, waste management practices, child labour & forced labour etc
- Statutory compliances
- Impact on bio diversity
- Impact on indigenous people and cultural heritage sites
- Impact on community health & safety.
- Recent ESG red flag events

This ensures that financing is extended responsibly, supporting sustainable and socially-conscious businesses. Partnered with other institutions for co-lending green loans aimed at scaling funding for renewable energy, sustainable agriculture and climate-smart projects.

WEALTH MANAGEMENT AND BANCASSURANCE

Federal Bank expanded its Wealth Management and Insurance reach in FY 2024-25 with a sharp focus on client education, advisory quality and product innovation.

- Wealth AUM crossed ₹6,000 Crore under a referral model.
- Insurance penetration reached 10.55% (incl. microloans), with bancassurance contributing 6.13% to non-interest income.
- The Federal Experience Centre at Cochin Airport continued to serve HNI clients with 24x7 premium services.
- Co-orgination risks were managed through suitability checks, client risk profiling and feedback-based RM performance evaluation.
- Digital platforms such as FedMobile and FedNet were upgraded to enable seamless insurance and wealth journeys.

GROUP COMPANIES

A Strong Financial Ecosystem

Our group companies represent a strategic extension of Federal Bank's core banking operations, offering a comprehensive suite of financial services across non-banking financial solutions, life insurance and back-office process management.

As of March 31, 2025, the Bank has two subsidiaries and one associate company, each playing a vital role in supporting our diversified business model and strengthening customer engagement across segments.

Federal Operations and Services Limited (FedServ)

NATURE
Wholly-owned Subsidiary

CORE BUSINESS ACTIVITY
Back-office operational services for the Bank

% SHAREHOLDING
100

FedServ
FEDERAL OPERATIONS & SERVICES LTD.

Fedbank Financial Services Limited (Fedfina)

FEDBANK
FINANCIAL SERVICES LIMITED

NATURE
Subsidiary

CORE BUSINESS ACTIVITY
Marketing of Bank products and lending against gold and property

% SHAREHOLDING
61.03

Ageas Federal Life Insurance Company Limited

NATURE
Associate

CORE BUSINESS ACTIVITY
Life insurance services

% SHAREHOLDING
26

ageasFEDERAL
LIFE INSURANCE

Subsidiaries and Associates of Federal Bank (as of March 31, 2025)

Through these entities, we complement our branch-led and digital-first banking approach with specialised services in housing and gold finance, life insurance and operational efficiency. This structure enhances value creation by unlocking cross-sell opportunities, broadening our customer base and strengthening non-interest income streams.

FEDERAL OPERATIONS AND SERVICES LIMITED (FEDSERV)

A wholly owned subsidiary of Federal Bank, FedServ was established to deliver operational efficiency and enhance customer experience through centralised back-office support. Since inception in December 2018, FedServ has become a vital part of the Bank's process transformation strategy.

- **Scope of Operations:** As of March 31, 2025, FedServ manages 235 operational activities across four strategic locations—Kochi, Visakhapatnam, Bengaluru and Indore.
- **Performance Highlights:** FedServ reported total revenue of ₹105.13 Crore in FY 2024–25, of which ₹102.85 Crore was from services provided to the Bank. Net profit after tax increased to ₹7.91 Crore, up from ₹5.98 Crore in FY 2023–24.
- **Strategic Contribution:** FedServ plays a key role in enhancing process turnaround times, improving First Time Right (FTR) metrics and reducing cost of operations, thus supporting the Bank's ambition to be the First Choice for customers.

FEDBANK FINANCIAL SERVICES LIMITED (FEDFINA)

A key subsidiary in the lending space, FEDFINA operates as a non-deposit taking NBFC, catering to the financial needs of retail and MSME customers through a wide range of secured loan offerings including mortgage, business and gold loans.

- **Widespread Presence:** With the addition of 75 branches during the year, FEDFINA's footprint has expanded to 694 branches across 18 states as of March 31, 2025.
- **Business Growth:** Total revenue rose by 28% to ₹2,079.82 Crore in FY 2024–25. Net Interest Income grew by 32% year-on-year, while Assets Under Management (AUM) increased by 30% to ₹15,811.54 Crore.
- **Operational Highlights:** Despite a 19% increase in the loan book and robust disbursements worth ₹18,78,732 Lakh, net profit for the year stood at ₹22,518 Lakh, marginally lower than the previous year.
- **Credit Ratings:** The Company retained its strong credit standing with an AA+/Stable rating from CARE Ratings, CRISIL and India Ratings.

FEDFINA also engaged in co-lending and portfolio sell-down transactions during the year, diversifying its asset strategy while maintaining healthy off-book exposure at 25.1% of total AUM.

AGEAS FEDERAL LIFE INSURANCE COMPANY LIMITED (AFLIC)

The Bank holds a 26% equity stake in AFLIC, a joint venture with Ageas Insurance International N.V., a leading European insurance group. AFLIC continues to be a consistent profit-making venture, delivering strong financial and operational performance.

- **Performance Overview:** AFLIC recorded a 14% growth in total premium collections, reaching ₹3,073 Crore in FY 2024–25. Net profit after tax stood at ₹86 Crore, marking the Company's 13th consecutive year of profitability.
- **Strategic Development:** During the year, the Bank entered into a Share Purchase Agreement with Ageas to acquire an additional 4% equity stake in AFLIC, post approval from the Reserve Bank of India. This strategic move highlights the Bank's sustained confidence in the long-term potential of the life insurance sector.

STRATEGIC DIVESTMENT

During the year, the Bank divested stake in Equirus Capital Private Limited (ECPL) equivalent to 70.50 lakh shares i.e 9.81% of paid-up equity share capital of ECPL. Following this stake sale, ECPL ceased to be an Associate Company of the Bank with effect from November 15, 2024.

Regulatory Disclosures

In accordance with the provisions of the Companies Act, 2013, the audited standalone and consolidated financial statements of the Bank and its Group Companies have been hosted on the Bank's website www.federalbank.co.in. Further, the annual reports of subsidiary companies included in the consolidated financials are also available on their respective websites, ensuring transparency and regulatory compliance.

TECHNOLOGY INITIATIVES

Building a Digitally Astute Bank

Guided by the philosophy of 'Digital at the Fore, Human at the Core', Federal Bank continues to integrate innovation and technology across its operations in a structured and purpose-driven manner.

The Bank's approach to digital transformation is anchored in strategic investments in secure infrastructure, responsible adoption of emerging technologies and ongoing enhancement of staff capabilities. From reimagining branches as integrated sales and service centres to offering intuitive digital journeys, the Bank is delivering customer-centric, scalable and resilient banking experiences.

10,886
Loan accounts opened on WhatsApp Lending Platform

1.5 Lakh per month
Users on WhatsApp Banking

1,31,311
FedMobile UPI for NRIs

10
Merchants onboarded under CollectPro platform

59,164
Soundbox deployed

208,628.29 Crore
FedMobile transaction volume

4,08,937
CBDC transactions with a total of 67,388 registered users

Zero
Privacy breaches reported in FY 2024–25



KEY INITIATIVES IN FY 2024–25

Digital Product and Platform Enhancements

- **FedMobile** was further enhanced with Aadhaar-based UPI onboarding, mutual fund investment journeys, Federal Rewards and integrated insurance products. The application continues to support a broad set of services, contributing to over 90% of the Bank's transaction volumes.
- **WhatsApp Banking** saw wider service availability, now offering credit limit upgrades, onboarding of pre-approved credit cards and real-time KYC updates.
- **Fed e Point** service portal was revamped with more self service functionalities for customers.

Strengthening Corporate and Merchant Ecosystems

- **FedOne**, the Bank's digital transaction platform for corporate and SME clients now supports Corporate ERP integrations, bulk payments, real-time reconciliation reports and tax payment capabilities.
- SmilePay, a facial recognition-based payment solution was introduced.
- UPI-based credit access was expanded to offer both flexibility and convenience.

CYBERSECURITY AND INFRASTRUCTURE INVESTMENTS

Our organisation continues to prioritise cyber resilience through a comprehensive framework of control mechanisms designed to prevent, detect and respond to threats effectively. Over the past year, we have enhanced our security posture by implementing layered preventive controls. In parallel, we have strengthened our detective capabilities through continuous monitoring, advanced anomaly detection systems and more.

- The Bank invested further in customer authentication technologies, strengthening biometric and behavioural security across channels.

CYBERSECURITY CAPABILITY BUILDING

Given the nature of our business, we remain committed to employee preparedness through regular training. Employees are trained in cybersecurity, social engineering and data protection, with over 97% of officers completing cybersecurity e-learning in FY 2024-25.

Employees are further trained in currency handling, including FICN detection, exchange facilities, the Clean Note Policy and RBI's note refund rules, supported by e-learning modules for broader awareness.

AI-DRIVEN CUSTOMER ENGAGEMENT AND PROCESS AUTOMATION

- The multilingual AI chatbot, **Feddy**, was upgraded to support 14 Indian languages and integrated across channels to assist with balance queries, transactions, loan services and customer queries. A multi-device version has also been deployed.
- **Robotic Process Automation (RPA)** was extended to over 300 processes including loan disbursals, compliance workflows and document processing, contributing to improved turnaround times and reduced manual workload.
- AI-assisted credit decisioning and risk analytics are now integral to underwriting processes, especially in personal loans and credit cards. Predictive analytics is also used in collections to identify and engage customers likely to default.

INNOVATIVE SOLUTIONS FOR NEW-AGE NEEDS

- Insurance and wealth product purchase journeys were integrated into key digital platforms to enable seamless cross-sell opportunities.
- For rural customers, the Bank pioneered a digitised **Kisan Credit Card (KCC)** journey in collaboration with the RBI Innovation Hub, reducing turnaround time from weeks to under five minutes.

STRATEGIC PARTNERSHIPS AND FINTECH COLLABORATION

- Collaborations with FinTechs enabled co-origination of credit products and embedded finance solutions targeted at digital-native customers.
- API-driven integration allows seamless service delivery and customer onboarding across partner platforms, reflecting the Bank's 'FinTech-friendly' posture.

We consistently invest in cutting-edge technology to improve experiences for both customers and employees. Our advanced IT infrastructure enables seamless collaboration with over 20 fintech partners, accelerating the adoption of innovative solutions. By co-creating products and rapidly integrating emerging technologies, we have strengthened our digital ecosystem and enhanced in-house innovation. This forward-thinking approach has improved operational efficiency and enabled the delivery of smarter, more responsive services.

Our technology-first approach continues to promote agility, speed and customer-centric solutions in a competitive financial services landscape. We operate Feddy, our AI-powered chatbot for customer support, with a support investment of ₹1.10 Crore during the year under review. We have also invested in FedMobile upgrades, FedNet, Fed e point customer service portal and digital loan solutions.

MARKETING INITIATIVES

Continuing the 'Rishta' Momentum with Innovation and Impact

Our marketing initiatives are rooted in purpose and powered by relationships. We adopt a strategic approach that blends strategic segmentation, disciplined execution and continuous listening to ensure every campaign reflects both brand integrity and customer relevance. Anchored in our 3S framework—Segment, Scale, Sustain—we craft marketing strategies that are insight-led, digitally agile and community-aligned.

FY 2024–25 was a breakthrough year in strengthening local connections, deepening digital engagement and enhancing national visibility across customer and partner segments.

Segment: Micro-Marketing
Scale: Dynamic Adaptation
Sustain: Core Strength



Segment: Tailored Products
Scale: Diverse Portfolio
Sustain: Innovation

Segment: Outreach
Scale: Mass Campaigns
Sustain: Consistency

Brand = f x (Reach, Awareness, Preference, Recall, Communication)

We built the brand by combining reach and recall with the art of trust and relevance. The integration of segment, scale and sustainability with product, programme and pulse creates a holistic and dynamic strategy that drives brand success and customer engagement.

A BREAKTHROUGH IN BRAND STORYTELLING

FY 2024–25 marked a defining chapter in Federal Bank's brand journey with the onboarding of our first brand ambassador, Vidya Balan.

It was a moment of cultural convergence, where the values of an institution and the ethos of an individual aligned in perfect harmony.

Much like Federal Bank, Vidya's journey has been anchored in authenticity, credibility and substance. Her rise from regional roots to national stature mirrors our own-earning trust over time. Her ability to balance tradition with modernity and grace with grit, makes her a compelling symbol of our brand's evolution.

As India stands at the cusp of financial and digital empowerment and Federal Bank enters its breakthrough phase, the timing could not have been more perfect. Vidya's association comes at a time when customer aspirations are rising, expectations from banks are evolving and trust is being redefined—not just in products and services, but through the way relationships are built and sustained.



Brand Storytelling that Resonates

We approached storytelling as a strategic lever to strengthen brand memory, relevance and emotional engagement. Grounded in the 'Rishta' narrative, our campaigns moved beyond visibility to create moments of trust, relatability and cultural connection across life events and communities. We expanded our presence in high-affinity segments, boosted top-of-mind recall and positioned Federal Bank as a brand that understands and remains present in customers' real lives.

"We turned a classroom into a stage. And the stage into a lesson."



Kaliyum Karyavum: A global showcase of how a brand is embedded at the core of culture.

3,500+
Students reached

In Kerala, we introduced a unique approach to education by integrating traditional art forms including Theyyam and Kathakali into school learning environments. These cultural performances, typically seen in temples and theatres, became powerful tools to engage students with key life concepts including financial literacy, time management, mental well-being and responsible screen usage.

This initiative ensured that learning extended beyond textbooks. Students connected deeply with the content, retained it effectively and developed a renewed appreciation for their cultural heritage.

This marked a significant step forward, where tradition was repurposed as a medium for meaningful education and folklore became a vehicle for transformation.

This is the Federal Bank way—creating lasting impact by bridging generations, culture and essential life skills through thoughtful and innovative formats.



4.4 million
Impressions

700+
New leads generated

Rishta Bhi Pakka, Future Bhi: A wedding-themed on-ground and digital campaign that blended celebration with financial wellness, generating 4.4 million impressions and 739 new leads.



The Rishta Anthem: A multilingual musical tribute by Federalites that went viral across platforms, reinforcing our identity as a Bank with a soul.

We complemented these campaigns with seasonal bursts such as the **#FilterHatao** Diwali campaign and the **Bachane Ki Aadat Bachpan Se** TVC. Together, these initiatives achieved a reach of over 8 million and generated tens of thousands of direct engagement.

Serving भारत with India's Trust™

We strengthened our local resonance and elevated Federal Bank from a service provider to a socially rooted brand through sustained investments in cultural, artistic and community platforms. In the cultural arena, we curated a rich bouquet, 'Sounds of Punjab with Gurdas Maan', 'Rokte Rupam with Rupam in Kolkata', 'Live with Sonu Nigam in Kochi' and 'Magical Melodies in Kerala, each campaign deepened regional resonance.



CULTURE AND MUSIC



Fest of Feasts: A 360-degree Onam campaign spanning print, radio and roadshows with local musical forms such as Nadan Pattu, creating an emotional connection with Malayalee pride.



The Thyagaraja Music Awards and **Federal Bank Sahitya Puraskaram** cemented our place as patrons of India's rich artistic legacy.



Ganesh Chaturthi Campaign

The Ganesh Chaturthi campaign celebrated the spirit of new beginnings and togetherness by deeply engaging with regional traditions, creating a meaningful connection with the audience during this culturally significant festival.

These campaigns elevated us from a financial brand to a cultural mainstay, creating over **100+ high-engagement moments** that brought communities closer to the Bank.

SPORTS

We expanded our sports footprint with marathons in Madurai, Kangeyam, and Naya Raipur Soldierthon, blending health, community and patriotic themes.



The first edition of **Federal Bank Pune Marathon** saw the presence of Milind Soman, a renowned actor, model and fitness icon, who was the ambassador for this run and registrations touched around 1,600.



Federal Bank Kochi Marathon (FBKM) returned with its third edition with 7,280 runners and a 360-degree media blitz.



Micro-Marketing at Scale

With over 1,500 micro-marketing activities, we deepened our reach into local ecosystems. From RWA activations in Chennai and Delhi to chess tournaments in Navi Mumbai and festive immersions across Maharashtra and Kerala, we turned every moment and location into an opportunity for meaningful engagement.









KMRL Aluva Station Branding: A landmark outdoor branding milestone at Kerala's gateway metro station.



Chess Events: Promoting young minds through strategy and sport, our chess tournaments sparked engagement and built meaningful brand connections.



Resident Welfare Association (RWA) activations brought us closer to communities, driving engagement and local business growth.



Aaravam, a multi-dimensional event, brought together technology, culture and community in a vibrant celebration at Technopark, Kerala.



Bhaav 2024 Dance Festival in Kochi

Product and Platform Campaigns

Marketing remained tightly aligned with business goals. We leveraged digital strategies to support new launches, drive deposits and enhance card usage:





SmilePay Launch at Global Fintech Fest: This was backed by a multi-city digital campaign, a full-page advertisement in mainstream news and information platform and influencer marketing.



Prospera Savings NRE Account Launch : This was the first product launched by Mr K V S Manian, after he joined the Bank as MD and CEO during his maiden visit to GCC countries after taking charge.



Triple Treat (Esteem, GovEarn, GovEarn Prime): A same-day launch event across the country for special customer segments.



Ayodhya and Lucknow Branch Launches: Regional campaigns were crafted with local language and cultural nuances, ensuring a high-impact brand introduction in both markets.



Credit Cards-Joy of Freedom Offer: Featuring 77 merchant partnerships, 36% surge in application traffic and a 6% MoM spend lift.

77
Merchant partnerships

36%
Surge in credit card applications

Towards the Breakthrough Era

With the onboarding of Vidya Balan, the breakout success of internal content such as the Rishta Anthem and the consistent expansion of local and national presence, our marketing engine is primed for a breakthrough era. We remain committed to investing in emotional storytelling, digital innovation and community-rooted experiences to build a brand that is human at the core and digital at the fore.

Our focus will remain on

- Embedding marketing as a business growth enabler
- Deepening the 3S framework
- Creating more 'Ah-Ha' moments for customers across segments and geographies

Our Value Creation Journey

We ensure long-term value creation for our stakeholders through agility, sharp execution and strategic acumen. Guided by our core philosophy and inherent strengths, we place stakeholder interests at the heart of our operations. For us, value lies in consistently delivering on our promises, building relationships that stand the test of time and remaining a trusted financial partner. Through materiality assessments and ongoing engagement with our diverse stakeholder groups, we remain responsive to evolving market dynamics.

VALUE CREATION MODEL
An Astute Business Model

SIX CAPITAL RESOURCES

Financial Capital
- ₹2,83,647 Crore — Total Deposits
- ₹23,726 Crore — Total Borrowings
- ₹33,421 Crore — Shareholder's Funds

Manufactured Capital
- 1,589 — Total Banking Outlets
- 2,080 — Total no. of ATMs/CDMs

Intellectual Capital
- ₹698.33 Crore — Spend on Technology
- 20 — No of Fintech Partnerships

Human Capital
- 16,111 — Total Employees
- ₹3,088.28 Crore — Employee Cost
- 27 — Number of States/UT Hired from
- 45.49 — Training Hours per Employee

Social and Relationship Capital
- ₹70.89 Crore — CSR Expenditure
- 2,649 — Financial Literacy (FL) Classes Conducted

Natural Capital
- 14,6679.55GJ — Total Electricity Consumption
- 20 — No. of Green Certified Premises

OUR VALUE CREATION PROCESS

Digital at the Fore, Human at the Core

EXTERNAL DRIVERS OF STRATEGY

- Macroeconomic Volatility
- Evolving Regulatory Landscape
- Shifting Customer Expectations
- Cybersecurity and Digital Risks
- Climate and Sustainability Demands
- Talent and Culture Challenges

STRENGTHS
- Comfortable Capitalisation
- Healthy Resource Profile and Granular Deposit Base
- Stable and Diversified Profitability Parameters
- Stable Asset Quality Across Cycles
- Established Franchise with Strong Brand Equity
- Long Track Record of Consistent Operations

Foundation of Value Creation

Stakeholder Engagement and Materiality Assessment (page **48-53**)

Strategy in a Dynamic Business Wnvironment (page **54**)

Corporate Governance (page **60**)

Risk Management (page **68**)

VALUE DELIVERED TO STAKEHOLDERS

Shareholders and Investors
- Delivered consistent returns through calibrated credit growth, high-quality assets and margin discipline.
- Enhanced long-term value creation through technology investments and ESG-aligned governance.

₹4,052 Crore — Net Profit
13.03% — Return on Equity (RoE)

Customers
- Expanded reach and access with a growing phygital network and seamless self-service capabilities.
- Designed personalised offerings for MSMEs, mid-market clients and emerging digital segments.

1.90 Crore — Total Customers Served
92.02% — Share of Digital Transactions (as on Mar' 2025)

Employees
- Enabled digital-first, future-ready workforce through continuous skilling and career growth platforms.
- Promoted inclusive, meritocratic and flexible work culture aligned to employee aspirations.

42.60% — Gender Diversity
3.02% — Voluntary Turnover Rate

Vendors and Service Providers
- Collaborated with fintechs and partners to co-create tech-enabled, customer-centric solutions.
- Ensured transparent procurement and partner compliance in line with regulatory expectations.

40% — of Our Personal Loan Portfolio Now Originates From Partners
67% — Contribution to Our Overall Credit Card Portfolio

Ecosystem and Society
- Strengthened financial inclusion across rural and underserved areas through targeted credit and outreach.
- Promoted responsible banking through clean energy financing and community-focused CSR.

1,000 — Branches in Semi-urban and Rural Locations
₹9,280 Crore — Outstanding Green Loans

Government and Regulatory Bodies
- Complied fully with all RBI, SEBI and MoF mandates including digital lending, BRSR and AML/KYC.
- Supported public welfare through enrolment in government schemes and priority lending.

₹82,472 Crore — Priority Sector Lending Portfolio
1,41,438 — Social Security Scheme Enrolments (PMJJBY, PMSBY and APY etc.)

STAKEHOLDER ENGAGEMENT

Engagements that Drive Breakthrough

In a world of rapid change and rising expectations, remaining alert to stakeholder needs, agile in our responses and astute in creating shared value is central to how we operate.

For Federal Bank, stakeholder engagement is a continuous, insight-driven process that helps us anticipate change, shape better outcomes and unlock new possibilities. This ensures that we stay aligned with stakeholder aspirations while driving sustainable breakthroughs across our ecosystem.



SHAREHOLDERS AND INVESTORS

Why we engage

To ensure transparent communication, build trust and deliver sustained long-term value.

How we engage

We provide timely updates via quarterly financial reports, investor presentations, press releases and AGM/EGMs to ensure transparency and build trust.

Relevant material matters

Governance, Business Ethics, Transparency and Reporting

Risk and Crisis Management

Key outcomes in FY 2024-25

- Record net profit of ₹4,052 Crore; crossed ₹5 Lakh Crore total business
- Best-in-decade asset quality: GNPA 1.84%, NNPA 0.44%
- Capital adequacy at 16.40%; multiple credit rating upgrades

SDGs impacted



Capital impacted

FC IC S&RC

Frequency of engagement

Continuous

CUSTOMERS

Why we engage

To understand evolving needs and deliver personalised, seamless and secure financial experiences.

How we engage

We proactively engage through both online and offline channels, including advertisements, regular communication and effective feedback mechanisms.

Relevant material matters

Customer Relationship Management

Financial Inclusion

Key outcomes in FY 2024-25

- 92%+ digital transactions
- Added 85 outlets; omnichannel services across 1,589 locations
- 33% fewer complaints; 99.9% resolved without ombudsman

SDGs impacted



Capital impacted

IC S&RC HC

Frequency of engagement

Continuous

FC MC IC HC NC S&RC

EMPLOYEES

Why we engage

To promote an inclusive, growth-oriented culture that empowers our people to perform and thrive.

How we engage

We maintain strong internal communication through platforms such as P.U.L.S.E and Viva Engage, alongside structured feedback and recognition programmes.

Relevant material matters

Human Capital Management

Governance, Business Ethics, Transparency and Reporting

Community Development

Key outcomes in FY 2024-25

- 499,875 L&D hours; multiple workplace excellence awards
- Voluntary attrition at 3.98%
- Women represent 42.60% of the total workforce
- 45% of new hires this year are women

SDGs impacted



Capital impacted

FC IC HC S&RC

Frequency of engagement

Continuous

VENDORS AND SERVICE PROVIDERS

Why we engage

To build reliable, ethical and efficient partnerships that strengthen our delivery capabilities.

How we engage

We proactively engage through both online and offline channels, including regular communication and effective feedback mechanisms.

Relevant material matters

Digital Transformation

Governance, Business Ethics, Transparency and Reporting

Risk and Crisis Management

Key outcomes in FY 2024-25

- "Pragati" digital procurement system is clearing 90% of invoices within one day
- ESG-focused vendor reviews and trainings

SDGs impacted



Capital impacted

FC MC S&RC

Frequency of engagement

Continuous

FC MC IC HC NC S&RC

ECOSYSTEM AND SOCIETY

Why we engage

To contribute meaningfully to inclusive development and responsible banking practices.

How we engage

We conduct awareness sessions, group discussions and progress reviews to align community initiatives with shared goals.

Relevant material matters

Product Innovation with ESG Impact/ Sustainable Finance

Climate Change

Community Development

Financial Inclusion

Key outcomes in FY 2024-25

- ₹70.89 Crore CSR spend, aiding 14,427 Sanjeevani beneficiaries and skilling 2,644 via the Federal Skill Academies
- ₹9,280 Crore in green loans disbursed;
- 530 KWp solar installed; 814.37 MT paper saved through digital initiatives.

SDGs impacted



Capital impacted

FC NC S&RC

Frequency of engagement

Need-based

GOVERNMENT AND REGULATORY BODIES

Why we engage

To ensure full compliance and align with national priorities and financial system integrity.

How we engage

We ensure ongoing compliance and regulatory transparency through mandatory filings, reports and formal meetings.

Relevant material matters

Governance, Business Ethics, Transparency and Reporting

Risk and Crisis Management

Financial Inclusion

Key outcomes in FY 2024-25

- 1st private bank for Aadhaar DBT in TN (8 schemes)
- Strong compliance culture
- Enabled policy transmission and MSME mandate support

SDGs impacted



Capital impacted

FC IC S&RC

Frequency of engagement

Need-based

FC MC IC HC NC S&RC

MATERIALITY ASSESSMENT

Astute Focus on What Matters

Our materiality assessment enables us to identify and prioritise the topics most relevant to our business and stakeholders, ensuring that our strategy remains responsive to a dynamic banking environment. In line with the GRI Standards and the BRSR framework, the Bank conducted a structured materiality assessment in FY 2024–25, engaging both internal and external stakeholder groups.

As part of our commitment to global best practices, we undertake a comprehensive materiality assessment every two to three years. In the interim years, we review and reassess the relevance of our material topics to ensure continued alignment with evolving stakeholder expectations and the rapidly changing macro- and microeconomic landscape.

This exercise will enable the Bank to make informed, future-ready decisions.

Strategic Alignment
Helps us focus on ESG issues that truly matter, aligning sustainability priorities with long-term business strategy and enhancing resilience in a dynamic environment.

Strengthening Stakeholder Trust
Reinforces transparency and inclusivity by incorporating diverse stakeholder voices.

Efficient Resource Allocation
Enables informed decisions on deploying capital, people and effort toward high-impact ESG areas.

Enhanced ESG Disclosures
Supports meaningful, standard-compliant reporting aligned with frameworks such as GRI and BRSR.

MATERIALITY ASSESSMENT PROCESS FY 2024-25

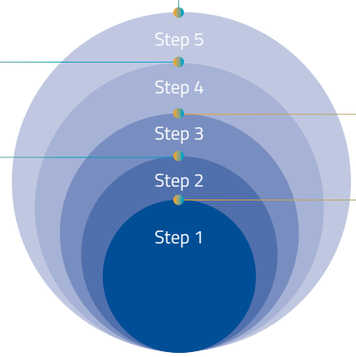
Key Steps of the Assessment Included

Scoring and Evaluation

Survey responses were consolidated by stakeholder group and each ESG topic was ranked based on the scores received. Weightages were then assigned to each stakeholder group, taking into account their expectations, the maturity of engagement and the implications for the Bank's ESG strategy.

Outcome Analysis

The analysis highlighted convergence between internal and external stakeholder priorities while also surfacing group-specific material topics. The Board validated and approved the integration of these insights in to our ESG road-map.



Stakeholder Survey

Online surveys were conducted across internal and external stakeholder groups. A total of 2,825 responses were received, covering employees, management, customers, shareholders, vendors and civil society participants.

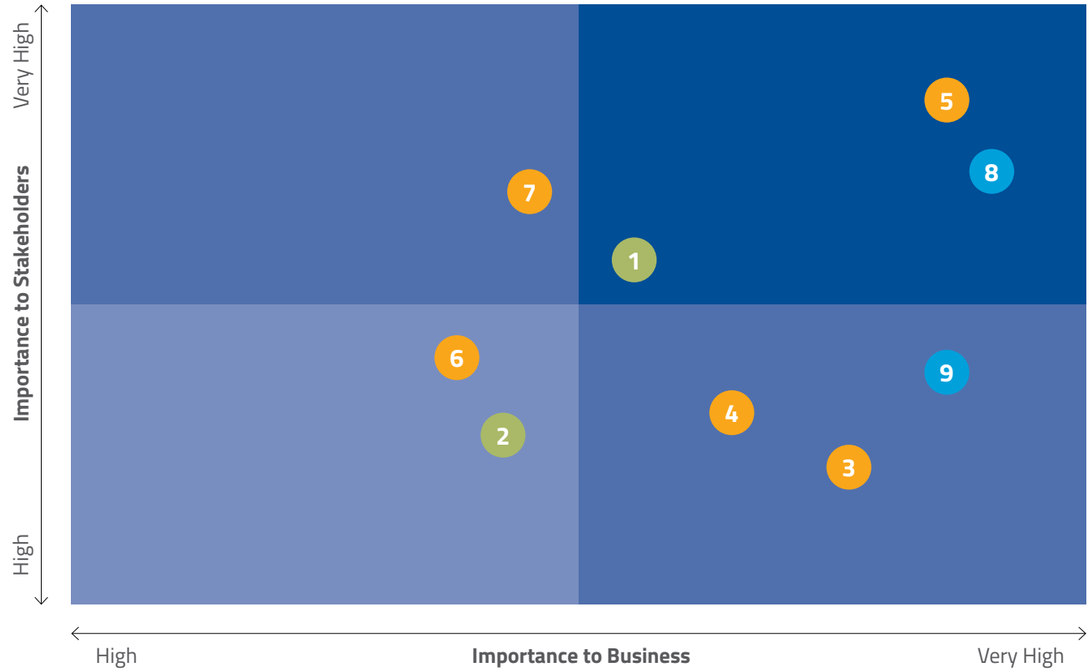
Benchmarking and Topic Shortlisting

Drawing from peer practices, ESG rating criteria and applicable standards, a long list of ESG topics was screened and refined to a shortlist of 23 material topics relevant to the Bank's context.

Stakeholder Identification

We mapped our stakeholder universe based on the Board-approved Code of Corporate Governance and Code of Conduct. To capture nuanced views, stakeholders were segmented further, for example, employees into senior management and others, and customers into retail and wholesale.

FEDERAL BANK'S MATERIALITY MATRIX



MATERIAL TOPICS

Environment

1. Product Innovation with ESG Impact/ Sustainable Finance
2. Climate Change

Social

3. Human Capital Management
4. Digital Transformation
5. Customer Relationship Management
6. Community Development
7. Financial Inclusion

Governance

8. Governance, Business Ethics, Transparency and Reporting
9. Risk and Crisis Management

STRATEGY IN A DYNAMIC BUSINESS ENVIRONMENT

Navigating with Strategic Alertness

Despite global uncertainties and sectoral shifts, we focused on operational efficiency while adapting to emerging risks and capitalising on new opportunities. We built our resilience and navigated this complex landscape with agility, all underpinned by our strong governance, prudent risk management and a digital-first approach.

We made strategic investments in technology, diversified our portfolio and prioritised our customer-centric approach to respond effectively to market developments. Moving ahead, we will continue to fine-tune our strategies to build a future-ready organisation.

	Impact on Us	Measures Taken
Competition and Customer Expectations		
Increasing competition from fintechs, neo-banks and tech-enabled NBFCs challenged traditional models of customer acquisition and retention.	• Threat of customer churn and margin pressure in certain product segments. • Accelerated demand for instant, personalised digital banking experiences.	• Strengthened digital engagement by expanding AI-driven services (such as Feddy chatbot and WhatsApp Banking) and enhancing mobile platforms to reduce friction and improve retention in a competitive digital environment. • Accelerated product innovation tailored to specific customer segments to deepen relationships and reduce churn, including offerings such as Esteem (Seniors above 55+) and GovEarn (government employees). • Leveraged fintech partnerships and embedded finance models to rapidly deliver relevant, tech-enabled solutions and counter competitive threats from digital-native players.
Operational and Talent Challenges		
Talent attrition, evolving skill needs and hybrid work models presented challenges in maintaining workforce efficiency and engagement.	• Risk of knowledge loss and productivity gaps in critical functions. • Cultural challenges in integrating digital talent and traditional banking teams.	• Implemented digital learning platforms, leadership training and reskilling initiatives. • Strengthened leadership development and talent retention through targeted engagement initiatives and HR policies. • Focused on building a diverse and agile workforce, aligned to future banking needs.
Macroeconomic Volatility		
Global and domestic macroeconomic conditions remained volatile due to geopolitical tensions, supply chain disruptions and interest rate fluctuations triggered by global inflationary pressures.	• Uncertain interest rate environment impacted borrowing costs and investment yields. • Global slowdown created cautious sentiments in corporate credit demand and forex remittance flows. • Potential risks in asset quality due to borrower stress in affected sectors.	• Proactive interest rate risk management through dynamic Asset Liability Management (ALM). • Diversified credit portfolio to reduce overexposure to cyclical sectors. • Scenario-based stress testing to prepare for macroeconomic shocks. • Continued focus on retail and MSME segments to mitigate impact of corporate investment slowdown.
Evolving Regulatory Landscape		
RBI issued several updated guidelines on digital lending norms, data protection, priority sector lending and capital adequacy, demanding enhanced compliance and governance.	• Increased compliance complexity and cost of regulatory reporting. • Required revision of internal processes and customer data management protocols.	• Strengthened compliance and legal teams and adopted AI-enabled tools for real-time regulatory tracking. • Upgraded systems for data localisation, consent-based data sharing and fair digital lending practices. • Implemented periodic audits and staff training to align with changing norms.
Cybersecurity and Digital Risks		
Rising cyber threats and fraud risks amid rapid digitisation in banking operations, customer interactions and third-party integrations.	• Increased exposure to operational and reputational risks. • Customer trust and system integrity potentially at stake.	• Deployed multi-layered cybersecurity infrastructure including firewalls, encryption and threat intelligence systems. • Conducted regular penetration testing, vulnerability assessments and cyber drills. • Strengthened internal cyber awareness programmes and enhanced governance through Board-level IT strategy reviews.
Climate Change and Sustainability		
Heightened stakeholder expectations and regulatory focus on ESG and climate risk disclosures.	• Ongoing need to deepen ESG integration within credit appraisal and risk management frameworks in line with evolving global standards. • Investors and customers seeking alignment with sustainability goals.	• Integrated E&S considerations into credit evaluation processes, especially for high value project loans and long term loans, to align lending decisions with climate-conscious risk management. • Expanded green portfolio through targeted financing for renewable energy, energy efficiency and co-lending partnerships. • Enhanced ESG governance and disclosures by strengthening Board-level oversight and aligning disclosures with frameworks like GRI and BRSR.

Enhancing Transparency and Accountability

Our operations are guided by the ethos of trust, integrity and service, enabling us to navigate the industry with honesty and purpose. We deeply value the trust our customers place in us and leave no stone unturned in conducting our business with the highest standards of transparency and accountability. As a Bank that cherishes this trust, we remain fully committed to upholding it through our operations, actions and future plans.

ESG Performance and Forward Commitments

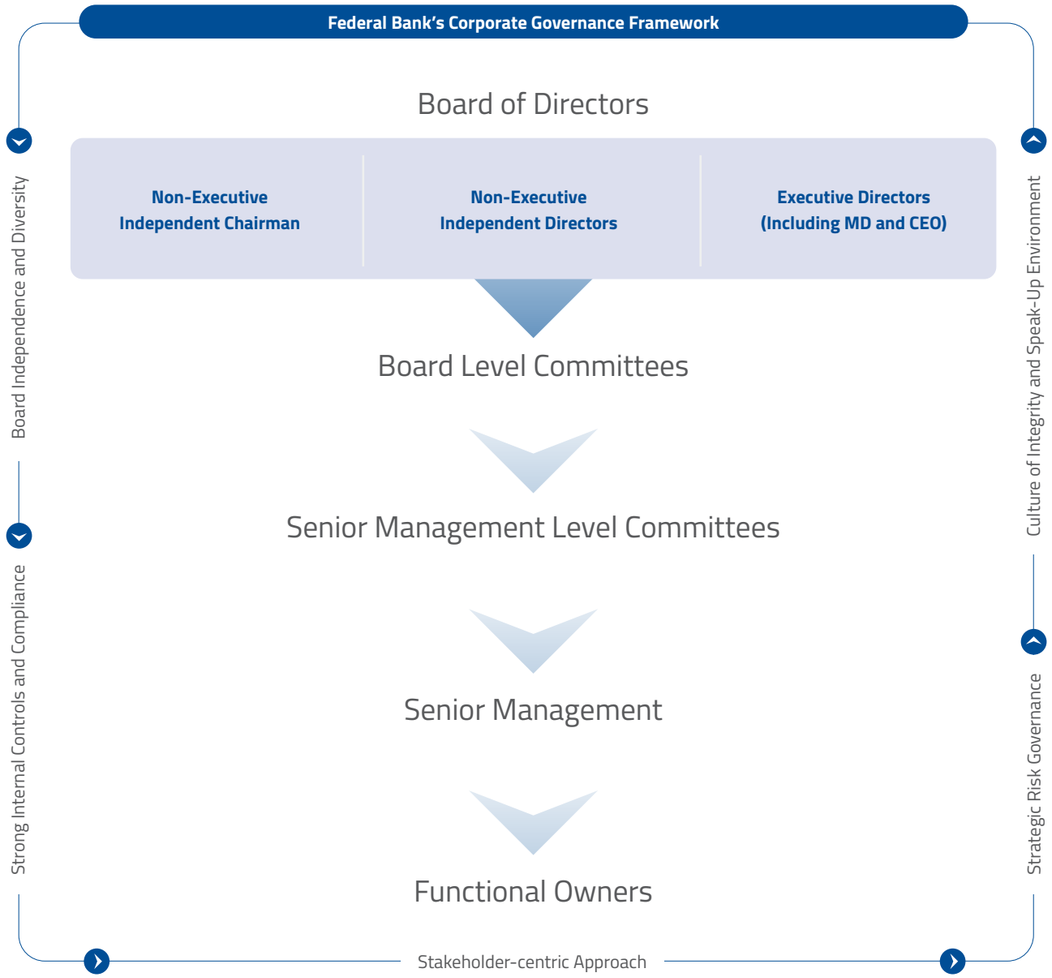
In FY 2024–25, we made steady progress in our ESG journey with clear goals and focused execution. We achieved or exceeded four out of six public targets ahead of schedule, supported by strong governance and a results-oriented approach. As we move forward, our focus remains on integrating sustainability into every facet of our business, ensuring that growth is both responsible and resilient.

Parameters	Progress	Achievement (FY 2024-25)	Committed Target (FY 2024-25)	Revised Target
Green Portfolio Growth	**33.29%** YoY growth **71%** Target achieved Highlight: While we remain committed to our ambitious green loan targets, we recognise the associated challenges, including asset-liability mismatches due to longer tenures, concentration risks, competitive pressures, and the need to balance business growth with prudent risk management.	₹9,280 Crore	₹13,000 Crore By December 2025	-
In-house Solar Power Capacity	**Target fully achieved** for FY 2024–25 **On-site solar installations across various offices and branches.** Highlight: Solarisation programme expanded to cover high-consumption hubs.	530 kWp	500 KW By March 2025	To reach 750kWp by 2028
Water Conservation Capacity	**Target Achieved** **STPs installed at Aluva Head Office and Ashokpuram; new own premises follow IGBC interior norms for water efficiency**	1,28,500 Litres	1 Lakh Litre By March 2025	To reach 2 Lakh Litres Water conservation capacity by 2028
Financial Inclusion: Women-led BC Channel	**Target Achieved** Highlight: Dedicated credit, skilling and support channels for women micro-entrepreneurs.	12.46 Lakh (up by 41.41% from 8.81 Lakh in FY 2023-24)	Finance 10 Lakh Women entrepreneurs by March 2028	To reach 20 Lakh Women entrepreneurs by 2030
Green-certified Bank Premises	**IGBC Platinum Certification** for Federal Towers, Ashokapuram Highlight: Prioritising future certifications based on energy footprint.	2.59% of total area	At least 10% of premises by March 2028	-
Gender Diversity (Women) Representation	**Continued investment in inclusive hiring, returnship programmes and career progression** Highlight: 45% of new hires this year were women.	42.60% (steady YoY)	Maintain at or above 40%	-

CORPORATE GOVERNANCE

Guided by Governance Excellence

Corporate governance has been an integral part of Federal Bank's business ethos since inception. Rooted in our values, it is evident in how we engage with stakeholders, shape policies and conduct our operations. Governance for us is as a culture—built on integrity, transparency and accountability.



OUR POLICIES

Our robust framework of policies reflects our values, ensure regulatory compliance and promote responsible business practices. These policies uphold transparency, safeguard stakeholder interests and maintain the highest ethical standards across the organisation.

Code of Conduct

We have a well-defined Code of Conduct for our Board members and Senior Management. This sets the tone for ethical leadership and responsible decision-making at the highest levels of our organisation.

Code of Ethics and Business Conduct

This policy applies to all employees and outlines how we conduct business with integrity, respect and fairness. It emphasises our commitment to operating responsibly, with due regard for both people and the planet.

We uphold the highest standards of ethical conduct. In line with our Code of Ethics, we engage with regulatory authorities through formal and transparent channels to ensure full compliance with applicable laws and regulations. As a matter of policy, the Bank does not make any political contributions, thereby maintaining a stance of neutrality and integrity in public affairs. The Bank, however funds to Politically Exposed Persons (PEP) in accordance with RBI guidelines. Policy on combating Financial Crime acts as a guidance for identification and onboarding of PEP as a customer.

Anti-Bribery and Anti-Corruption Policy

We maintain a zero-tolerance approach towards bribery and corruption. This policy helps ensure fairness in our operations and promotes a culture of accountability.

Insider Trading Policy

We have strict rules to prevent insider trading. This protects market integrity and ensures that our employees and leadership uphold fairness when handling sensitive information.

Diversity, Equity, and Inclusion (DEI) Policy

We are committed to building an inclusive workplace where everyone feels valued and empowered. This policy promotes equal opportunities and reflects our belief in the strength of diversity.

ESMS Policy

The Environmental and Social Management System (ESMS) Policy governs the identification, assessment and management of environmental and social risks in lending operations.

Fraud Risk Management Policy

This policy helps us detect and prevent financial frauds, ensuring our operations remain secure and promote trust.

ESG Policy

Our ESG Policy provides a structured approach to assessing our sustainability performance and ethical business practices. It enables us to align our operations, reporting stakeholder engagement with evolving expectations around environmental, social and governance responsibility.

Whistle Blower Policy

We have a strong mechanism in place for stakeholders, including employees and partners, to report any misconduct confidentially. The Vigilance Department investigates all complaints thoroughly and findings are reported to the Managing Director and CEO as well as the Audit Committee.

To know more about our policies, visit https://www.federalbank.co.in/our-commitments

IT AND CYBERSECURITY GOVERNANCE

At Federal Bank, we view information technology and cybersecurity as foundational pillars of trust and operational integrity. Our IT infrastructure is built on resilience, scalability and alignment with global best practices, ensuring the protection of customer data and the seamless delivery of digital services. We maintain robust cybersecurity and data privacy policies that govern all aspects of digital operations and safeguard against evolving threats.

Our Strategies Include

- Deployment of a robust IT infrastructure supporting secure digital banking channels, core banking and payment systems.
- Implementation of advanced cybersecurity frameworks including multi-layered firewalls, intrusion detection/prevention systems, encryption and access controls.
- Continuous monitoring and threat intelligence operations to detect and respond to cyber threats in real-time.
- Adherence to regulatory guidelines issued by RBI and other authorities on IT governance, data protection and cyber resilience.
- Regular security audits, vulnerability assessments and penetration testing to strengthen defences.
- Implementation of cybersecurity awareness and training programmes for employees to address human-related risks and set individual responsibilities regarding information security across the workforce.
- Incident response and disaster recovery plans to ensure business continuity.
- Utilisation of AI and machine learning for anomaly detection and fraud prevention.
- Ensuring compliance with global data protection standards and frameworks such as ISO/IEC 27001.
- Euring continuous improvement of Bank's information security posture and maturity.
- Defining processes for employees to promptly report incidents, vulnerabilities, or suspicious activities.
- Establishing security requirements for vendors, suppliers and third parties.

BOARD OF DIRECTORS

Astute Leadership at the Helm

The Board of Directors of Federal Bank embodies astute leadership through a balanced composition of Executive and Non-Executive members, with Independent Directors forming over two-thirds of the Board.

The Board brings a strategic blend of experience, governance acumen and ethical commitment, guiding the Bank with sound judgement across matters of performance, risk, sustainability and innovation. Independent Directors play a crucial role in ensuring transparency, fairness and adherence to high standards of corporate governance.

As of March 31, 2025, the Bank's Board comprises 11 Directors, out of which eight Directors are Non-Executive Directors and three are Executive Directors, including one-woman executive director. The Bank has a Non-Executive Independent Chairman and seven other Independent Directors, including one-woman Independent Director.

COMPOSITION OF THE BOARD

We value diversity for the wealth of varied perspectives it brings, enabling our organisation to navigate the ebbs and flows of the industry. Our diverse Board of Directors helps in solving complexities with ease, streamlining decision-making and upholding our efficiency in meeting evolving aspirations through dedicated committees.

18%
Women in Board

73%
Independent Directors

4.05 Years
Average tenure of all the Board members

4.64 Years
Average tenure of Independent Directors

96%
Board and Committee Meetings attendance

100%
Directors with banking Industry expertise

100%
Board Training Session

Skills and Expertise of the Board

- Accountancy
- Agriculture
- Banking
- Business Management
- Compliance
- Co-operation
- Credit
- Economics
- Finance
- Governance
- Human Resources
- Information Technology
- Investment Banking
- Investment
- Law
- Management
- Payment and Settlement Systems
- Risk Management
- Retail Lending
- Small-Scale Industries
- SME Banking
- Treasury
- Wealth Management

SUCCESSION PLANNING

We recognise succession planning as the cornerstone of our sustainable organisation roadmap. By adopting a proactive and structured approach to identify and develop future leaders, we ensure business continuity, strong strategic execution and robust organisational resilience. The process is governed by Board-level oversight and aligned with regulatory norms to maintain high standards of leadership readiness.

Succession planning is monitored by the Nomination Remuneration, Ethics and Compensation Committee (NRC) of the Board.

Succession strategies are aligned with RBI's corporate governance guidelines as well as fit-and-proper norms.

Successor readiness is evaluated based on leadership competencies and performance metrics.

ESG OVERSIGHT BY THE BOARD AND MANAGEMENT

The Board's Risk Management Committee (RMC) is responsible for overseeing Environmental, Social and Governance (ESG) matters across both the Bank's internal operations and its lending activities. All ESG-related policies, including the Environmental and Social Management System (ESMS) policy, are subject to Board approval. ESG risks associated with lending are comprehensively addressed through the ESMS, while the ESG Policy evaluates the Bank's business practices and performance in relation to sustainability and ethical standards.

At the executive level, an Environmental and Social (E&S) Committee, chaired by the Managing Director and CEO, monitors the implementation of ESG and ESMS aspects and reports directly to the RMC.

BOARD DIVERSITY

Nationality	
Indian	100%
Foreign Nationals	0

Age Group	
30-50 Years	0
>50 Years	100%

Board Members' Tenure at Federal Bank	
0-5 years	6 Directors
5-10 years	5 Directors

COMMITTEES OF THE BOARD OF DIRECTORS

To support informed decision-making and act in the best interests of the organisation, we have established various Committees of the Board. These Committees actively monitor specific areas of our functioning, remain updated with regulatory changes and share their recommendations with the Board. Each committee works within its defined scope and plays a key role in guiding strategic actions.

To know more details about these Committees and their responsibilities, refer to Corporate Governance Report on page **129** of this Integrated Annual Report.

- Audit Committee of the Board
- Nomination, Remuneration, Ethics and Compensation Committee
- Human Resource Committee of the Board
- Stakeholders Relationship Committee
- Credit, Investment and Raising Capital Committee
- Risk Management Committee of the Board
- Review Committee of the Board on Identification of Wilful Defaulters
- Corporate Social Responsibility Committee
- Information Technology and Operations Committee
- Special Committee of the Board for Monitoring and Follow up of Cases of Frauds
- Customer Service, Marketing Strategy and Digital Banking Committee

BOARD OF DIRECTORS*



Abhaya Prasad Hota
Part Time Chairman and Independent Director
Director since - 15.01.2018
C M M



Siddhartha Sengupta
Independent Director
Director since - 13.06.2019
C C M M



Manoj Fadnis
Independent Director
Director since - 13.06.2019
C M M M M



Sudarshan Sen
Independent Director
Director since - 11.02.2020
C M M M



Varsha Vasant Purandare
Independent Director
Director since - 08.09.2020
C M M



Ramanand Mundkur
Independent Director
Director since - 01.10.2021
C C M M M

C Chairman M Member

- Audit Committee of the Board
- Nomination, Remuneration, Ethics and Compensation Committee
- Human Resource Committee of the Board
- Stakeholders Relationship Committee
- Credit, Investment and Raising Capital Committee
- Review Committee of the Board on Identification of Wilful Defaulters
- Risk Management Committee of the Board
- Corporate Social Responsibility Committee
- Information Technology and Operations Committee
- Special Committee of the Board for Monitoring and Follow up of Cases of Frauds
- Customer Service, Marketing Strategy and Digital Banking Committee



Sankarshan Basu
Independent Director
Director since - 01.10.2021
C M M M



Elias George
Independent Director
Director since - 05.09.2023
C M M



Krishnan Venkat Subramanian
Managing Director and CEO
Director since - 23.09.2024
C M M M M M M M M



Shalini Warrier**
Executive Director
Director since - 15.01.2020
M M M



Harsh Dugar
Executive Director
Director since - 23.06.2023
M M M M

*As on 31.03.2025
**Relieved from the services of the Bank on May 23, 2025
Mr. Venkatraman Venkateswaran, Group President and Chief Financial Officer, has been appointed as Executive Director of the Bank with effect from July 10, 2025

OUR MANAGEMENT TEAM*

The Team Behind the Breakthrough



Krishnan Venkat Subramanian
Managing Director and CEO



Shalini Warrier **
Executive Director



Harsh Dugar
Executive Director



Venkatraman Venkateswaran***
Group President and CFO



Divakar Dixit
Group President and Chief Credit Officer



Johnson K Jose
Group President - Chief Technology Officer and Controller Fedserv



Sanjesh Kumar
Group President and Chief Internal Auditor



Kapil Bhatia
Group President and Country Head – CIB



Lakshmanan V
Group President and Head - Treasury (Treasurer)



Sunil Kumar K N
Group President and Chief Compliance Officer



Mohan K#
EVP and Country Head - Agri, Micro and Rural Banking



Eqbal Manoj
EVP and Head - Branch Banking



Damodaran C
EVP and Chief Risk Officer



Rajanarayanan N
EVP and Chief Human Resources Officer



Indraneel Ajitkumar Pandit
EVP and Chief Digital Officer



Kuriakose Conil
EVP and Country Head-CAD, CRMD and Remedial Management



Joy P V
EVP and Country Head - Deposits, Wealth and BANCA



Rathish R#
EVP and Country Head - Business Banking



Samir Pravinbhai Rajdev
EVP and Company Secretary



Biju K
SVP and Chief Vigilance Officer



M V S Murthy
Chief Marketing Officer

*As on 31.03.2025
**Relieved from the services of the Bank on May 23, 2025
***Appointed as Executive Director of the Bank with effect from July 10, 2025
#Retired w.e.f May 31, 2025

RISK MANAGEMENT

Alert. Agile. Astute

A robust risk management approach is a strategic enabler shaped by astute foresight, agile systems and an alert mindset. Guided by a dynamic enterprise-wide risk management framework, we proactively identify and respond to emerging risks while reinforcing resilience across operations.

Our approach balances prudence with progress, embedding risk intelligence into every decision to protect value, uphold regulatory integrity and support sustainable breakthroughs in a rapidly evolving environment.

RISK CULTURE AT FEDERAL BANK

We have built a strong risk-aware culture that runs across all levels of the organisation. This culture ensures that everyone, including frontline teams and senior leadership, takes ownership of risks, acts ethically and prioritises responsible decision-making.

Key Elements of Our Risk Culture

- Proactive risk identification and open communication.
- Ethical conduct and personal accountability.
- Regular training on risk policies and controls.
- Encouragement of early risk escalation and speak-up culture.
- Balanced risk-taking aligned with integrity and customer focus.

RISK MANAGEMENT APPROACH

We follow a holistic and integrated risk management approach covering credit risk, market risk, operational risk, liquidity risk and reputational risk. Emerging risks and their mitigation plans form part of the Bank's ICAAP document. Also, a qualitative assessment using a perception scorecard is conducted, engaging top management, to evaluate potential future risks, including emerging threats and the effectiveness of the controls in place.

Risks and Mitigation Measures

Risks	Strategic Relevance	How We Respond
Economic Risk	• Global and domestic economic downturns can affect growth. • Inflation may lead to increased operational costs. • Rising interest rates can impact borrowing costs and customer demand. • Currency fluctuations may affect the value of foreign transactions and profitability.	• Continuously track both domestic and global developments. • Respond proactively and appropriately to emerging risks and changes.
Credit Risk	• Changing customer choices and business conditions can impact credit requirements of the borrower. • Volatile market conditions can strain borrowers' financial stability.	• Use well-defined architecture, policies, processes, and systems. • Regular monitoring for effective identification, assessment and management of credit risk. • Support timely and informed decision-making for credit exposure.
Market and Liquidity Risk	• Tightening of monetary policy can impact liquidity and interest rate management. • Volatility in equity and forex markets poses risks to the value and stability of reserves.	• Establish clear risk appetite and Value at Risk (VaR) limits. • Utilise multiple tools for stress testing to assess risk resilience. • Continuously monitor the ALM position and realign the business strategies.
Operational Risk	• Arises from internal flaws such as human errors or system failures. • Caused by inadequate processes, controls, or infrastructure.	• Conduct regular Risk and Control Self Assessments (RCSA). • Monitors Key Risk Indicators (KRI) to track potential risks. • Implement a robust fraud prevention framework to safeguard assets and operations.
Business Continuity Risk	• Risk of financial loss due to disruption in critical operations. • Internal events such as IT system failures. • External events like cyberattacks or natural disasters.	• Implement a comprehensive Bank-wide Business Continuity Management (BCM) plan. • Has a Central Crisis Management Team (CCMT) to lead swift action during emergencies. • Ensure preparedness and resilience to minimise disruption and maintain critical operations.
Information Security and Cyber Security Risk	• Involves potential financial losses, reputational damage, and regulatory penalties. • Results from unauthorised access, use, disclosure, disruption, modification or destruction of sensitive data. • Includes threats like cyberattacks, malware, system vulnerabilities, and human error.	• Protect data with a strong security framework and a dedicated CISO team. • Ensure continuous protection with 24/7 monitoring by the Security Operations Center (SOC). • Promote security awareness through regular training programs for users.
Compliance Risk	• Risk of financial penalties and legal consequences. • Arises from non-compliance with laws, regulations and industry standards.	• Maintain strong policies and controls to ensure legal and regulatory compliance. • Conduct continuous evaluation and updates of policies to stay current and effective. • Adopt best practices to support ongoing compliance and risk mitigation.
Climate Risk	• Changing climate policies and regulations may affect the value of loans or investments in certain industries. • Losses from extreme weather events can damage property and disrupt borrower businesses. • Reputation can be harmed if the Bank is seen as not addressing climate-related concerns.	• Taking prudent risk management measures by reducing high climate risk exposures. • Take proactive steps to increase sustainable lending aligned with environmental goals. • Conduct quarterly stress tests to evaluate the impact of climate-related risks on our credit portfolio, taking into account both physical and transition risk factors.

Financial Capital | Manufactured Capital | Intellectual Capital | Natural Capital | Social and Relationship Capital | Human Capital

Breakthrough Relationships. Enduring Impact.

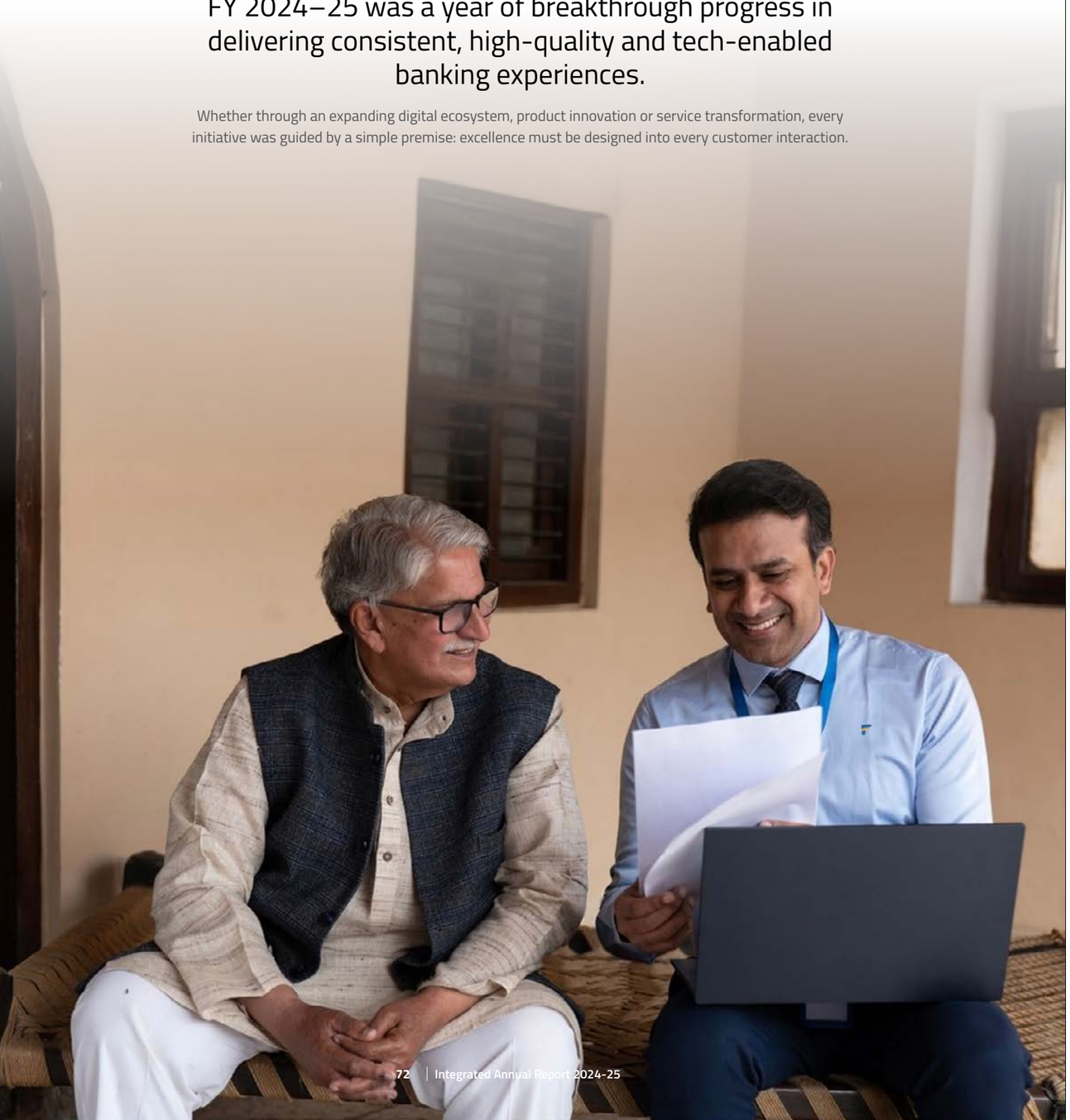
Strong stakeholder relationships are central to Federal Bank's long-term approach. We believe performance must be anchored in trust, shaped by transparency and guided by a clear sense of purpose. Our engagement with stakeholders is structured, responsive and outcome-focused, ensuring that the value we create is both consistent and responsible.

CUSTOMERS

Astute in Service. Agile in Experience.

Making customers the focal point of strategy and service is foundational to Federal Bank's long-term approach. FY 2024–25 was a year of breakthrough progress in delivering consistent, high-quality and tech-enabled banking experiences.

Whether through an expanding digital ecosystem, product innovation or service transformation, every initiative was guided by a simple premise: excellence must be designed into every customer interaction.



We continued to scale our physical and digital presence in tandem. This year we expanded our reach to newer geographies with a total of 1589 banking outlets as of 31st March 2025 and a growing network of ATMs and recyclers. New branches were strategically opened to deepen access in high-potential regions, complementing our growing digital delivery.

On the digital front, 94.30% of transactions were processed through self-service channels. The FedMobile app saw significant adoption, processing over one Crore transactions each month. The Bank's WhatsApp Banking platform, launched in August 2023, introduced end-to-end journeys for pre-approved personal loans, credit cards and insurance, making banking more intuitive and conversational.

Our customer acquisition strategy has yielded remarkable results, with new customer relationships growing substantially. The Bank now serves customers across over 15,000 pin codes, truly reflecting our pan-India presence. This extensive reach is complemented by our diversified acquisition channels, where fintech partnerships contribute significantly to our customer base while maintaining a focus on granular retail growth.

PRODUCT INNOVATION ALIGNED TO CUSTOMER NEEDS

Customer-centric product innovation remained a key focus. The **Stellar Savings Account**, designed for health-conscious millennials, bundled wellness benefits with sustainable banking features.

A STRUCTURED MOVEMENT FOR SERVICE EXCELLENCE

Federal Bank's **Quality Movement**, initiated in 2012, continues to serve as the backbone of customer service delivery. In FY 2024–25, over **80 high-impact process improvements** were implemented across channels—reducing friction, enhancing turnaround times and aligning systems with customer expectations. Structured frameworks continue to drive:

- Standardisation across touchpoints
- Continuous process evolution
- Clarity in communication
- Structured feedback collection and response

Building Trust Through Responsive Service

We reinforced our commitment to transparency and customer protection through a strengthened grievance redressal framework. In FY 2024–25:

- Complaints reduced by **33%**, a reflection of proactive process improvements.
- **99.9%** of cases were resolved without an award by the Banking Ombudsman, highlighting fairness and efficiency.

Call centre capacity was expanded and web-based service channels were upgraded to offer faster, more responsive support. The monthly **'Customer Day'** continues to serve as a direct feedback forum, strengthening engagement and trust.





STRENGTHENING CUSTOMER-CENTRICITY ACROSS TOUCHPOINTS

Net Promoter Score (NPS) remains a key benchmark in our journey to enhance customer satisfaction, loyalty and advocacy. In FY 2024–25, we expanded NPS tracking across critical touchpoints, including digital journeys, branch interactions and service resolutions, to gain sharper insights into customer sentiment.

Key initiatives included:

NPCI Products (UPI, IMPS, RuPay Cards): Regular surveys capture feedback from users, with insights analysed monthly and shared with business teams to improve product features and customer awareness. Service recovery calls are made proactively, contributing to noticeable NPS improvements.

Contact Centre: Feedback from customers engaging with our Contact Centre helps identify service gaps and informs enhancements in training and experience delivery.

Branch Feedback: Feedback from branch-visiting customers is systematically captured across locations and used to drive targeted improvements in frontline service.

To further enrich customer insight, additional NPS touchpoints are being introduced. This structured feedback loop ensures we remain responsive to evolving expectations and consistently deliver more meaningful experiences.

LOOKING AHEAD

We are deploying Artificial Intelligence (AI) to identify recurring issues and implement proactive, predictive solutions. By combining operational excellence with a culture of empathetic service, we will continue to build on the foundation of trust we share with customers, our most valued stakeholder.

Strengthening Grievance Redressal Through the Internal Ombudsman

The Internal Ombudsman (IO) plays an important role in enhancing customer grievance redressal, particularly in cases involving unauthorised transactions due to phishing, malware or accidental data sharing. As an independent reviewer, the IO examines complaints rejected by the Bank to ensure responses are timely, policy-compliant and fair. Where needed, the IO collaborates with internal teams for deeper clarity and may recommend swift corrective action in complex or delayed cases. By identifying patterns across complaints, the IO also contributes to improving the Bank's grievance handling processes, strengthening digital safeguards and reinforcing customer trust.



A Young Federal Steps Up to Protect What Matters Most

A total of ₹45,000 had disappeared from the customer's account —without a trace. But what happened next defined the real breakthrough.

Narrative

When a distressed customer walked into our Karkala Branch, our Assistant Manager Vignesh Kamath didn't just look at the numbers. He listened.

A total of ₹45,000 had been debited via AEPS (Aadhaar Enabled Payment System) —but the customer had never used AEPS. Vignesh sensed this was no routine complaint. His understanding of local fraud trends pointed him to a potential biometric compromise during a recent land sale registration.

On digging deeper, he discovered that the seller —also our customer —had ₹20,000 similarly syphoned. Without losing time, Vignesh activated the internal chain of support: the Operations and Reconciliation teams, biometric blocking, and fraud reporting on the NCCRP portal.

With empathy and clarity, he explained the situation to both customers — stood by them throughout. Within a week, the debited funds were fully reversed.

The Result?

Two relieved customers who now entrust all their financial activity to Federal Bank

Deepened relationship with the customers leading to enhanced business, multiple referrals and growing goodwill.

A young banker who exemplified what it means to be alert, astute and agile.

We didn't just solve a problem —we built trust that can't be measured in rupees.

— Vignesh V Kamath, Assistant Manager, Federal Bank

INVESTORS AND SHAREHOLDERS

Delivering Breakthrough Value

FY 2024–25 was a year of numerous milestones for Federal Bank—a period marked by strong execution, strategic clarity and consistent value creation. Crossing key milestones of ₹5 Lakh Crore in total business and ₹4,000 Crore in annual net profit, we reinforced the strength of our fundamentals and the trust of our shareholders.

As we transition into a new phase of growth, our focus is clear: reorienting the balance sheet for greater efficiency, sharpening cost structures and embedding a results-driven mindset across the organisation. True to the Federal ethos, this journey will be guided by responsibility—balancing growth with our enduring commitment to sustainability and enhancing value for our shareholders.

Agile in responding to investor needs and market expectations, we maintained proactive engagement with investors across India and international markets. Our emphasis on high-quality governance and consistent forward guidance continues to strengthen investor confidence.

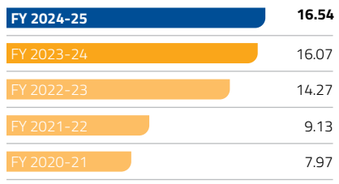
SHAREHOLDER VALUE

We remain focused on delivering long-term value to our shareholders through disciplined capital allocation, sustained earnings growth and prudent balance sheet management. Over the years, our consistent performance has translated into strong growth in book value and earnings per share, reinforcing investor confidence.

₹16.54

Earnings per Share

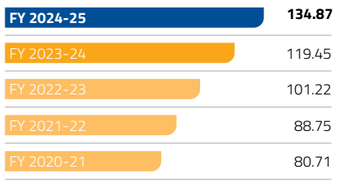
Earnings Per Share (Basic)
(₹)



₹134.87

Book Value Per Share

Book Value Per Share
(₹)



Dividend Payout

Our dividend policy reflects an astute approach to capital deployment. We maintain a responsive and well-calibrated dividend policy that balances consistent shareholder returns with the need to preserve capital for future growth.

60%

Proposed Final Dividend

Tax Governance and Compliance

We are committed to strong tax governance through a comprehensive policy aligned with our business strategy. This ensures transparency, compliance and risk mitigation across all jurisdictions, including international operations such as NRI remittances. Our approach includes strategic tax planning, structured risk management, and clear procedures for audits and dispute resolution, supported by robust internal controls. While not currently subject to country-by-country reporting, we maintain open communication with tax authorities and provide timely, accurate information when requested.

We actively engage with tax authorities through regular communication, participation in consultations, and working groups. Any general tax concerns are addressed transparently, and if needed, escalated to bodies like the Indian Banks' Association for guidance. Stakeholders are encouraged to direct tax-related inquiries to their line managers, with the option to escalate unresolved matters to the Head of Taxation or the Chief Financial Officer.

PARTNERSHIP

Astute Collaboration

In a fast-evolving ecosystem shaped by digital public infrastructure and the rising influence of fintechs, partnerships have become central to our strategy. We combine the strength of our trusted banking platform with the speed and innovation of emerging players to deliver customer-centric, tech-enabled solutions at scale.

We are among India's most integration-ready banks, guided by a clear partnership philosophy that each collaboration must strengthen our core, enhance digital engagement and create lasting value. This focused approach continues to make us the partner of choice for a growing network of platforms driving transformation across the financial services landscape.

Liability Partners
Fi, Jupiter, IND money

Instant Digital Loans
Fi, B-MARKETS, paisabazaar

Cross Border remittance partners
90+

Credit Cards
Fi, one card, Jupiter, scapia

Gold Loan and Priority Lending
DGV, NEW STREET TECH, Rupeek, OROPAY

Support Systems
karza TECHNOLOGIES, Leegality, M2P, PixDynamics, lentra

EMIs and Merchant Payments
BharatPe, BillDesk, BSNL, Pine Labs

IN FY 2024–25, WE FOCUSED ON FOUR HIGH-IMPACT AREAS THAT ADVANCED OUR STRATEGIC GOALS:

Expanding Our Savings Franchise

We deepened liability-side partnerships with leading neo-banks like Fi, Jupiter and INDmoney, onboarding digitally native customers and growing our CASA and term deposit base.

3%

Contribution to our overall savings portfolio

Dominating the Co-Branded Credit Card Space

Our co-branded credit card strategy, led by partners such as OneCard, Fi, Scapia and Jupiter (CUG cards), delivered strong results.

67%

Contribution to our overall credit card portfolio

Scaling Digital Personal Loans

Demand for instant, digitally disbursed credit was met through curated partnerships with platforms such as Paisabazaar, Fi and B-Markets.

40%

Contribution to our personal loan disbursements

Building a Resilient Tech Ecosystem

We reinforced our back-end infrastructure through domain-specific partnerships from **Karza (due diligence)** and **Lentra (loan origination)** to **Leegality (digital documentation)** and payment solution providers like **BillDesk**, **BharatPe and Pine Labs**.

ENSURING DATA LOCALISATION COMPLIANCE IN FINTECH PARTNERSHIPS

To ensure compliance with RBI's data localisation norms, we enforce stringent contractual clauses with fintech partners and mandate periodic audits to validate adherence. Third-party auditors empanelled by the Bank assess whether customer data is stored entirely within India, as required. In parallel, our internal teams conduct regular reviews of System Audit Reports (SAR) submitted by partners to ensure conformity with prescribed data storage protocols.

OUR PEOPLE

Building a Workforce that is Alert, Agile and Astute

Federal Bank's workforce represents the backbone of its continued success, embodying our core values of customer-centricity, innovation and inclusion. Our people strategy is closely aligned with our 'triple A' culture—Alert to change, Agile in action and Astute in decision-making. Every phase of the employee lifecycle, from talent attraction and onboarding to continuous development, engagement, transitions and community integration, is guided by this ethos. These enable a work environment where individuals are empowered to grow both personally and professionally.

As of March 31, 2025, our employee strength stands at 16,111, with a gender ratio of 57:43, reflecting our conscious efforts in promoting a balanced and equitable workplace.



SNAPSHOT OF OUR HUMAN CAPITAL

Employees

Total Employees



- **9,248** - Male (57.40%)
- **6,863** - Female (42.60%)

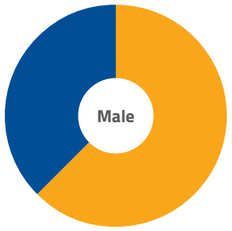
Age-wise Classification



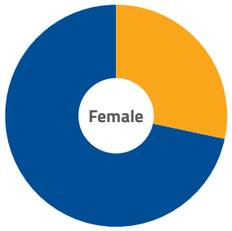
- **5,965** - Below 30 (37.02%)
- **8,428** - 30-50 years (52.31%)
- **1,718** - Over 50 years (10.66%)

Differently-abled

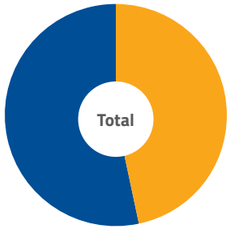
Differently-abled Employees



- **5** - 30-50 years (62.50%)
- **3** - Over 50 years (37.50%)



- **2** - 30-50 years (28.57%)
- **5** - Over 50 years (71.43%)



- **7** - 30-50 years (46.67%)
- **8** - Over 50 years (53.33%)

Category	Male	Female	Total
By Employee Category			
Office Assistant & PT Housekeeper	864	639	1,503
Customer Service Associates	2,005	1,846	3,851
Junior Management	2,861	2,712	5,573
Middle management	2,455	1,348	3,803
Senior management	976	293	1,269
Top management	87	25	112
Total	**9,248**	**6,863**	**16,111**
By Region			
North	859	469	1,328
South	6,347	5,328	11,675
East	644	331	975
West	1,398	735	2,133
Total	**9,248**	**6,863**	**16,111**

Employees Covered under Collective Bargaining Agreements

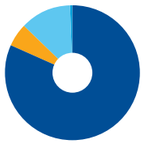
Category	Male	Female	Total
By Employee Category			
Associates	2,775	2,368	5,143
Middle management	3,016	2,254	5,270
Total	**5,791**	**4,622**	**10,413**
By Region			
North	479	241	720
South	4,147	3,786	7,933
East	422	224	646
West	743	371	1,114

Newly Hired Employees for FY 25 :

Category	Male	Female	Grand Total
By Employee Category			
Office Assistant & PT Housekeeper	1	5	6
Customer Service Associates	141	156	297
Junior Management	744	646	1,390
Middle Management	64	4	68
Senior Management	12	1	13
Top Management	3	-	3
Grand Total	**965**	**812**	**1,777**
By Region			
East	59	45	104
North	117	64	181
South	587	589	1,176
West	202	114	316
Grand Total	**965**	**812**	**1,777**
By Age			
20-29	841	776	1,617
30-39	95	32	127
40-49	24	4	28
50 & Above	5	-	5
Total	**837**	**812**	**1,777**

Coverage of the Organisation's Defined Benefit Plan Obligations

in ₹ Crore



- **2,048.73** - Salary and wages (81.7%)
- **137.66** - Defined contribution pension scheme costs (5.49%)
- **311.29** - Defined benefit pension scheme costs (12.42%)
- **8.48** - Share based payment charge (0.34%)



16,111
Total Employee Strength

95.99%
Training Coverage Across the Organisation

10,413
Employees Covered Under CB Agreement

42.60%
Women's Representation

45.49
Average number of Training Hours per Employee

66.99%
Employees Covered Under Collective Bargaining

3.98%
Industry-Best Attrition Rate

499,875.8
Total Hours of Employee Reskilling and Digital Training

₹33.11 Crore
Business Per Employee

7.17 Lakh
Person-Hours of Training Delivered

18.18%
Female Leadership Ratio

₹12.71 Crore
Expenditure on Employee Training, Skill Up-gradation and Development

BUILDING A FUTURE-READY, INCLUSIVE WORKFORCE

Federal Bank's inclusion among Fortune India's Top 30 Future-Ready Workplaces stands as a testament to the strength and foresight of our talent strategy. We believe that the future of banking will be shaped by the future-readiness of our people. Our talent acquisition approach has been reimagined to be both responsive and resilient. We have enhanced the objectivity, speed and quality of hiring decisions through a streamlined digital recruitment process.

Our go-to-market recruitment models are tailored to swiftly meet emerging business needs, enabling efficient identification and onboarding of talent across functions and geographies. Complementing this is a multi-layered retention strategy focused on career progression, continuous engagement and cultural alignment to ensure talent stability. This approach helped us to maintain a best-in-class attrition rate of 3.98%.

Strategic Workforce Alignment

Our talent strategy is closely aligned with the Bank's strategic priorities—digital acceleration, retail franchise expansion and customer-centric innovation. Through structured workforce planning, critical capability areas were mapped and supported by targeted hiring and upskilling interventions to ensure long-term role readiness.

Operation Udaan

A transformative initiative aimed at freeing up branch capacity continued to reshape how we partner with business. Led by senior leadership, the initiative focuses on reallocation of human capital, redesigning service roles and strengthening frontline productivity. This resulted in:

- Enhanced role clarity and reduced functional redundancies
- Greater capacity for relationship-building at branches
- Deployment of structured change management frameworks to foster an outcome-oriented mindset shift

Advancing Inclusion through Purposeful Hiring

In FY 2024–25, we significantly advanced our inclusive hiring approach with a continued focus on enhancing gender representation across the workforce. Women constituted 45% of all new hires during the year, highlighting our sustained commitment to diversity. As a forward-looking measure, we also launched a pilot programme to support women professionals re-entering the workforce after career breaks, offering flexible onboarding, mentorship and skill-bridging interventions. The initiative represents an important step towards building more inclusive hiring pathways.

Recognising our commitment to best-in-class hiring practices, Federal Bank was conferred with the 'Talent Acquisition Best Practices' Award by ASSOCHAM in FY 2024–25.

LEARNING AND DEVELOPMENT

Guided by the philosophy of 'Nurturing Excellence', our learning and development (L&D) initiatives are designed to build a future-ready workforce equipped to lead in an evolving business landscape. In FY 2024–25, we deepened our commitment to continuous learning through innovative programmes, digital platforms and strategic partnerships that reinforced capability development across all levels.

We were honoured with the 'Learning and Development Trailblazer' award by ASSOCHAM, recognising our multi-dimensional approach to skilling, reskilling and leadership development. Our L&D strategy remains focused on developing professionals and teams that can drive transformation while staying rooted in our values.

Building the Next Line of Leaders

Leadership capability remains a key focus area. In FY 2024–25, over 100 senior leaders participated in flagship programs like Luminaire and Excelerate, which are long-duration interventions aimed at enhancing strategic leadership and team effectiveness. These initiatives are complemented by tiered leadership development programmes for junior, middle and senior management to strengthen the leadership pipeline.

In Luminaire, a cohort of 78 high-potential leaders underwent specialised interventions focused on leading self, leading teams and leading organisations, with individualised development plans based on assessments and coaching support.

Mentoring and Coaching

Structured mentoring and coaching programmes support employees at key career transition points. In FY 2024–25, over 1,500 employees benefited from these initiatives, highlighting our commitment to personalised development and career progression. Over 565 women employees were provided structured mentoring support to help them advance in their careers and prepare for larger leadership responsibilities.



Digital and Immersive Learning Platforms

The Federal Academy of Career Excellence (FACE) exemplifies our digital-first approach to learning. Through hybrid sessions, virtual classrooms and gamified content, learning has been made engaging, accessible and outcome-focused.

We have also introduced metaverse-inspired learning, with virtual branches and training centres enabling immersive learning experiences and setting new benchmarks in digital learning innovation.

e-Academies and Certification Programmes

Our e-Academies of learning focus on developing deep domain expertise through blended, long-duration learning journeys. A standout example is the Gold'n Compliance Certification programme, launched in partnership with the Institute of Gems and Jewellery (IGJ), which has trained over 1,700 employees in gold ornament appraisal for gold loan management.



Zonal Learning Clubs

To address region-specific learning needs, we operate Zonal Learning Clubs supported by accredited internal cluster trainers and external partners. These decentralised training hubs provide context-relevant, customised programmes across geographies.

Industry-Academia Collaborations

We continue to co-create learning experiences through partnerships with leading institutions, including IIMs, NIBM, CAFRAL, RBI, SHRM, Coursera, AIHR, Emeritus and FEDAI. These collaborations power customised learning journeys for niche capabilities, including the senior-leader-focused Excelerate programme. We also support employees through incentivised certifications, scholarships and professional course reimbursements, encouraging a culture of continuous upskilling.

97%

Officer participation in self-paced e-learning programmes

5.69

Average training days per employee

BUILDING A WORKPLACE OF EQUAL OPPORTUNITY

At Federal Bank, diversity is a central force that drives breakthrough thinking, innovation and inclusive growth. In FY 2024–25, we continued to embed Diversity, Equity and Inclusion (DEI) across every layer of our institution, from policy and leadership to learning, hiring and everyday practice.



Championing Gender Equity with Purpose

Our recognition as the 'Gender Equality Champion' at the 2024 Bombay Chamber DEI Awards reflects years of consistent effort. This year, we reinforced gender diversity across the employee lifecycle:

- **Balanced Hiring:** 45% of new hires were women, driven by calibrated sourcing strategies, gender-balanced panels and role redesigns that promote inclusivity in future-critical functions.
- **Leadership Cultivation:** Our dedicated internal initiatives and external programmes in collaboration with external partners continued to accelerate high-potential women through action learning, mentoring and cross-functional exposure.
- **Pay and Progress Parity:** Promotion velocity, attrition rates and compensation were monitored through equity audits to ensure data-driven fairness and transparency.
- **Return to Work Support:** Through our Maternity Connect programme, women professionals received structured reintegration support, contributing to a high post-maternity retention rate.
- **Childcare Enablement:** FedCradle, our in-house crèche at select locations, provided working parents peace of mind and work-life continuity.

Inclusion in Action

We believe inclusion must be reflected in both intent and execution. We have been strengthening the ecosystem through:

- **Policy Evolution:** Strengthened parental and caregiving policies, structured POSH training and flexible work models anchored our people-first approach. Over 7,200 employees completed curated POSH modules and Internal Committee members underwent comprehensive, ongoing capability building.
- **Managerial Sensitisation:** Targeted programmes focused on unconscious bias, empathetic leadership and inclusive communication equipped people leaders to foster psychologically safe teams.

Reporting Discrimination

Employees are provided with awareness and understanding of the Code of Conduct, the Grievance Redressal Mechanism, and the procedures for reporting incidents related to sexual harassment, beginning with their Orientation Programme at the Bank. This applies to all employees, including those in remote and zonal offices. Additionally, employees continue to receive ongoing communication and reinforcement of these policies through the mandated yearly 'Regulatory E-Learning Lessons'.



Everyday Inclusion

At Federal Bank, DEI is lived through everyday moments, inclusive design and human-first decision-making:

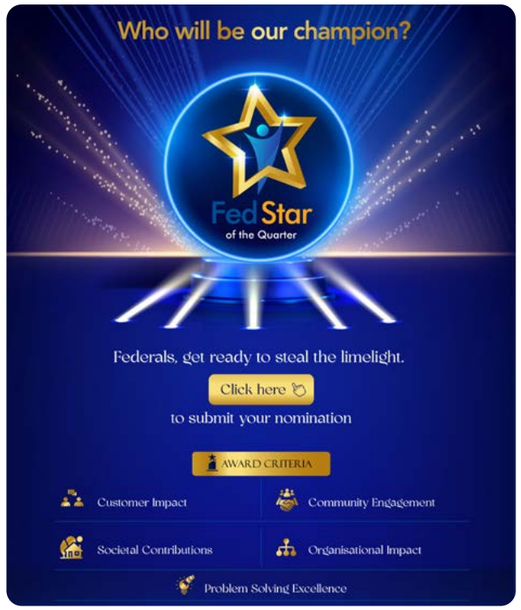
- **Suraksha Self-Defence Workshops:** Delivered in collaboration with law enforcement, these sessions equipped women with situational awareness and practical safety skills.
- **Inclusive Celebrations:** We celebrated diverse regional festivals like Onam, Pongal, Durga Puja and others reflecting our commitment to cultural inclusion and unity. Sports Meets and family gatherings further strengthened bonds, creating meaningful opportunities for connection beyond workplace.
- **Grassroots Listening:** Zonal HR teams conducted listening circles to surface local concerns and tailor interventions with empathy and speed.
- **Meritocratic Opportunity Access:** Digitised internal job postings, location-neutral transfers, and fair assessments ensured career growth was based on capability.



By embedding inclusion into leadership, policy, learning and day-to-day experience, we are reimagining how opportunity is structured and how success is shared.

BUILDING BREAKTHROUGHS THROUGH BELONGING, BALANCE AND PURPOSE

We view employee engagement and well-being as integrated levers of performance, resilience and trust. This year marked a phase of renewed investment in listening deeply, acting meaningfully, celebrating authentically and supporting holistically. Our people agenda was anchored on the belief that true breakthroughs emerge when individuals feel heard, valued and connected.



Listening that Drives Connection and Change

Leadership-led engagement took centre stage through the Listening Tours, a unique initiative where our MD and CEO and senior leaders visited employees across regions and branches to listen firsthand. These open-dialogue forums created space for employees to voice aspirations, share concerns and offer ideas.

Insights from these interactions were channelled into actionable improvements, enhancing team structures, enabling faster decision-making and amplifying local ownership. This shift from 'engagement surveys' to 'listening in action' made our workforce feel deeply respected and relevant in shaping the Bank's future.

Recognition that Resonates

A culture of appreciation is central to driving motivation and retention. Our recognition framework celebrated performance and potential through structured, multi-tiered platforms:

- FedRATNA and FedSTAR recognised high-performing employees at Zonal and Regional levels, respectively, reflecting a culture of excellence.

Well-being as a Strategic Pillar

Our approach to well-being was proactive and multi-dimensional, designed to address the physical, mental, emotional and social wellness of our workforce.

- The **SMILES Employee Emotional Assistance Programme** has evolved into a mature, confidential support system promoting psychological safety and emotional well-being across the Bank. Through access to professional counselling, the programme helps normalise mental health conversations and promotes a culture of empathy and trust.
- In the past year, wellness webinars were introduced, focusing on critical themes such as mental health awareness, early detection of cognitive disorders and building emotional resilience. To deepen the impact, we also conducted sensitisation workshops for employees and people managers, enhancing emotional literacy and creating a more informed, open and supportive workplace.
- The 21-Day Health Challenge, in partnership with a well-recognised yoga centre, created a Bank-wide culture of fitness through daily engagement, driving habit formation and peer motivation.
- Health Check-up Camps, including cancer screenings and preventive diagnostics, were conducted across multiple zones, ensuring early detection and peace of mind.



Maternity Work Buddy

With 99.84% of women returning post-maternity leave, the Maternity Work Buddy initiative has emerged as a structured enabler of smooth reintegration. The system pairs returning mothers with designated colleagues who help them reconnect with team rhythms, stay updated on process or policy changes and rebuild professional confidence, ensuring a seamless transition back to work.

We continue to adopt a phased and context-sensitive approach to expanding parental support. Since infrastructure support may not be uniformly feasible, efforts are underway to identify specific locations for targeted interventions based on operational viability and local needs.

Occupational Health and Safety Management System

We have instituted a comprehensive Occupational Health and Safety Management System to ensure a safe and secure work environment for all employees. Designated Incident Response Teams, trained in fire and medical emergency protocols, serve as first responders, supported by a 24x7 Remote Monitoring Station. Employees can report risks or hazards through an internal portal with a defined escalation mechanism, leading to zonal and corporate-level reviews and prompt mitigation. Regular training on emergency response, use of fire extinguishers and medical aid is conducted, while health and safety clauses are embedded in vendor SLAs to uphold safety standards across third-party engagements.

We conduct periodic training on fire safety, medical emergencies (in collaboration with reputed hospitals) and emergency response, with trained ERTs and IRTs at each location. Mock drills, internal alerts and awareness sessions reinforce safety practices, while Crisis Management Teams meet regularly to review emerging risks.

Human Connection through Community Impact

We redefined engagement through purpose-driven volunteering. The Sunshine Movement, one of our most impactful community engagement programmes, allowed employees and their families to contribute meaningfully to society. These initiatives helped our people experience the power of shared purpose beyond the workplace, deepening team cohesion and pride. Our employees donated blood, clothes, and time.

- Through Blood Donation Drive 2.0 more than 4,000 blood donors participated — potentially saving over 12,000 lives.
- Over 3,000 KG of material were collected in partnership with Goonj to support families in need.
- As part of our Environment Day efforts, 6,382 trees were planted.

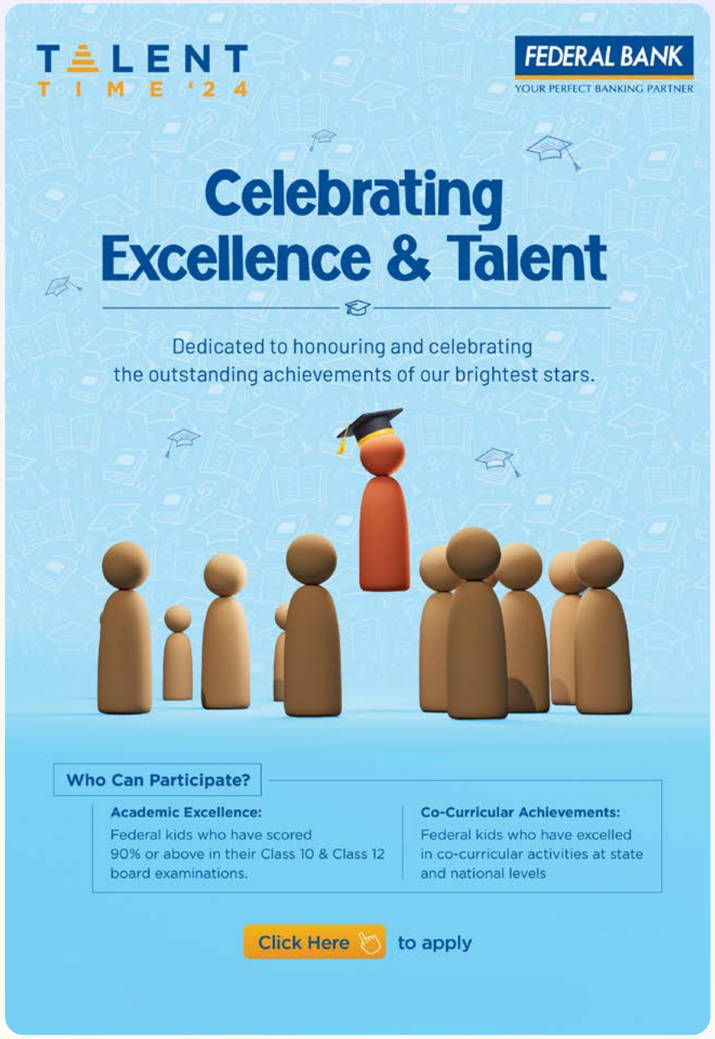
ENABLING THE NEXT BREAKTHROUGH

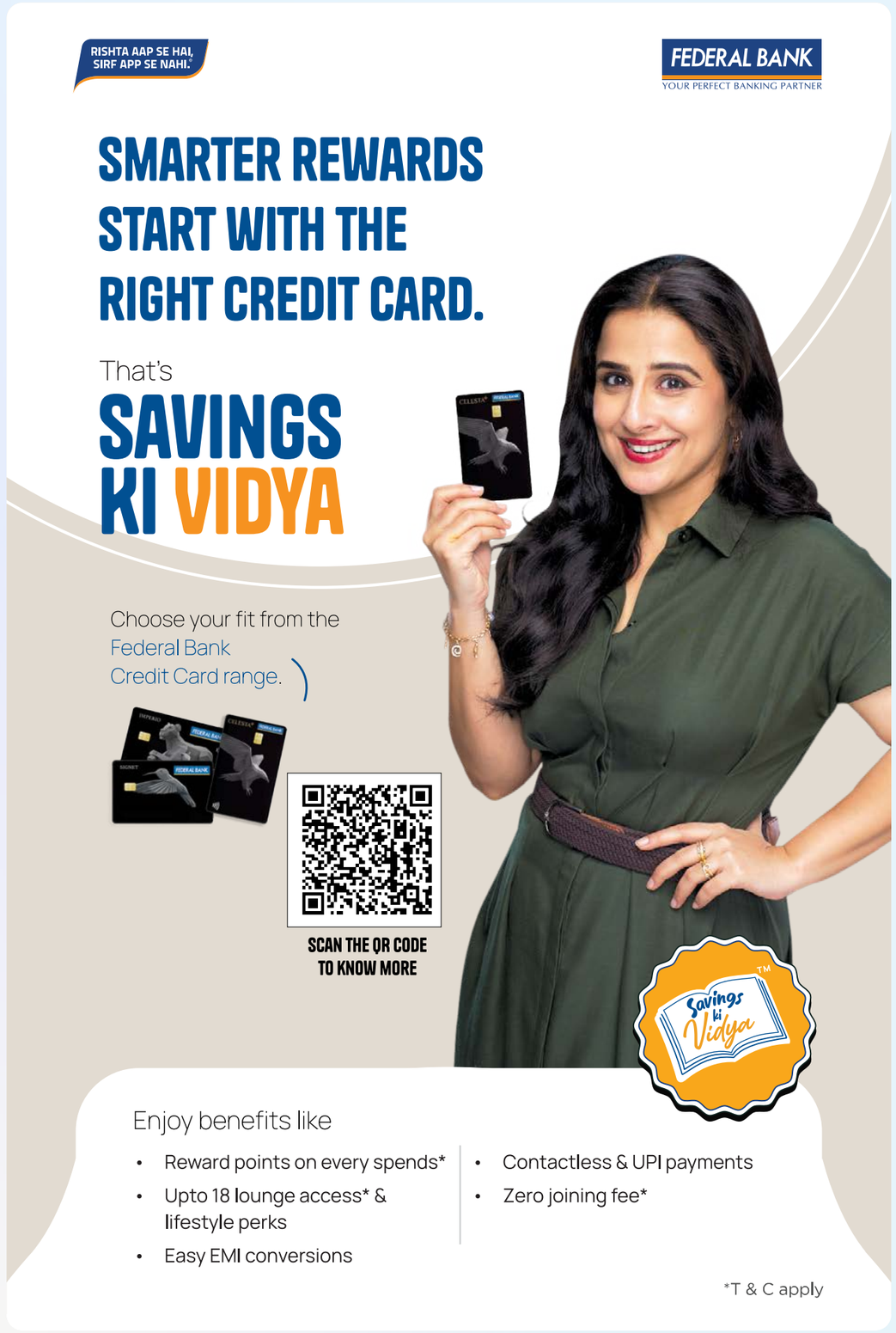
As we step into FY 2025–26, we are focused on enabling the Bank's ambition of entering the Top-5 private bank league. Our priorities are centred around building future-ready leadership, creating agile talent pathways and promoting a learning-first culture across the organisation.

- **Deepening the Leadership Pipeline:** We are systematically building leadership capacity across levels. Flagship programmes such as Luminex and Infiniti, leader-led mentoring and integrated assessment frameworks are being institutionalised, ensuring we are equipped with future-ready leaders to support our expanding scale and complexity.
- **Strengthening Internal Mobility with AI and Talent Insights:** Internal mobility is being reimagined as a key lever for agility and retention. AI-powered talent marketplaces, analytics dashboards and digitised workflows are enabling skill-based matches, transparent job movements and faster career transitions, promoting a borderless internal talent ecosystem driven by potential and performance.
- **Embedding a Learning-First Culture at Scale:** To support our digital and customer-first agenda, we are promoting a culture of continuous learning through 'FedCampus', which offers personalised learning paths aligned to business goals and future skill needs.
- **Driving Operational Excellence through the 'Catalyst Crew':** As part of our cost and scale optimisation efforts, the alternate talent model is being expanded across customer service, collections, and shared services. The 'Catalyst Crew' will operate as a centre of excellence for process execution, enabling frontline teams to focus on growth-oriented priorities.
- **Future-proofing the Workforce with Data and Digital Tools:** We are enhancing our HR model to enable faster, data-led decisions and seamless employee experiences. Self-service tools for leave, claims, reviews and feedback are integrated into daily workflows, while platforms like 'FedRecruit' have improved hiring efficiency and compliance. The 'Pulse' app is emerging as a central hub for communication and engagement, with further improvements underway through the rollout of cloud-based systems.

'Talent Connect' our Revamped Job Portal - We are enhancing our recruitment capabilities through Talent Connect', a digitally revamped job portal which is being designed to improve candidate experience and hiring outcomes. The platform will offer various features to candidates such as seamless profile registration, resume submission, personalised job alerts exploring openings across various locations and functions matched to their preferences, etc.

HR team can leverage the candidate insights obtained and use the advanced tools in the portal to connect the right talent to the right roles for faster, better hiring outcomes.





COMMUNITIES

Rooted in Purpose. Creating Impact That Endures.

Federal Bank's engagement with communities is a core expression of who we are and where we come from. Guided by our founder's ethos and the Bank's inclusive vision of progress, we invest in communities not as beneficiaries but as partners in growth. Through meaningful social interventions that span education, health, livelihood and environment, we are continuously translating intent into sustained impact.

All our CSR initiatives are executed through the Federal Bank Hormis Memorial Foundation (FBHMF), a dedicated trust that channels our philanthropic commitment with scale, transparency and empathy. FY 2024–25 marked another year of broadening reach, deepening relationships and embedding sustainability into the very fabric of our social capital agenda.

Education and Youth Empowerment

Healthcare and Wellness

Focus Areas of Community Engagement

Our efforts are aligned to four key priorities that mirror both national goals and community aspirations:

Livelihood and Skill Development

Environment and Rural Development



EDUCATION AND YOUTH EMPOWERMENT

We believe inclusive progress begins in the classroom and continues wherever young minds are given the opportunity to thrive. For Federal Bank, education and youth empowerment have been long-standing pillars of our community engagement, enabling talent from underserved backgrounds to pursue aspirations with dignity, support and access. FY 2024–25 marked another impactful year of deepening educational inclusion and youth voice.

Federal Bank Hormis Memorial Foundation Scholarships

Our flagship scholarship programme continues to remove financial barriers for meritorious students from underprivileged families seeking professional education.

Key Highlights:

- This year, we received a record **5,040 applications**, with **500 students** selected.
- Scholarships covered MBBS, BE/B.Tech., B.Sc. Agriculture, B.Sc. Nursing and MBA courses across six states: Kerala, Tamil Nadu, Karnataka, Maharashtra, Gujarat and Punjab.
- Each scholar is eligible to receive up to ₹1 Lakh per annum throughout their course duration.
- Since inception, **2,460 students** have been supported, creating a multiplier impact on families and communities.

Impact Story

Turning Dreams into Degrees

Nimmi Thomas, a first-generation college-goer from Kottayam, Kerala, received the Federal Bank Hormis Memorial Foundation Scholarship to pursue her B.Sc. in Nursing. With her father's modest earnings and mounting medical bills at home, higher education seemed like a distant dream. Today, Nimmi is completing her internship at a leading hospital and preparing for post-graduate studies. Her story echoes the aspiration we hope to support across every awardee.

Speak for India

Now in its 9th year, Speak for India has become a transformative platform for student expression and leadership development.

- The programme expanded its footprint to **five states**, including **Delhi NCR**, with participation from thousands of college students.
- Through structured debate formats, it promotes critical thinking, civic engagement and communication skills—creating a pipeline of socially aware future leaders.

Inclusive School Support Initiatives

Our approach to school-level interventions focuses on both infrastructure and emotional safety, especially for underserved and special-needs learners.

- Donated a customised school bus to Navshakti Vidyalaya in Rajkot, enabling safe access to education for **90 differently abled children**.
- Enabled **digital inclusion** through interactive panels in Mysuru schools, **AI lab setup** at Edava, and desktop donations in Shillong.
- Partnered with the **Gubbachi Buds Programme** in Bengaluru to provide nutritional support and early learning resources to migrant children.
- Upgraded physical infrastructure across multiple schools with enhancements such as smart classroom facilities, interactive panels, water purifiers, public addressing systems, improved libraries, sanitation kits and safe play areas, creating learning environments that are both enabling and dignified.



HEALTHCARE AND WELLNESS

We recognise that health is fundamental to individual dignity and national development. Our healthcare interventions are guided by an inclusive philosophy—one that sees wellness not merely as treatment, but as awareness, access and dignity delivered to those who need it most. FY 2024–25 marked a year of deepened commitment, with projects spanning preventive awareness, infrastructure support and specialised care across India's underserved regions.

Cancer Awareness and Patient Support

Sanjeevani – United Against Cancer

Cancer remains a major health challenge in India, with early detection and access to care often beyond reach for many. Sanjeevani –United Against Cancer, our flagship CSR initiative under Healthcare Awareness and Patient Support, directly addresses this gap through awareness, community engagement and financial aid.

In FY 2024–25, the programme entered Phase II, benefiting 14,427 patients. Partnerships were expanded with Tata Cancer Care Foundation, Assam Cancer Care Foundation, Reliance Foundation, CMC Vellore and Caritas Hospital to enhance reach and impact.

Key interventions included:

- **Awareness campaigns** focused on early check-ups, lifestyle risks, and destigmatising cancer.
- **Financial assistance** to eligible patients across India for timely treatment.
- **Community engagement** initiatives to promote early detection and proactive health-seeking behaviour.

The programme also supported patient tracking, improved healthcare accessibility and enabled local employment opportunities through enhanced support systems.



Expanding Medical Access and Infrastructure

Our healthcare investments this year extended into building medical access where it's often hardest to reach—from mobile clinics to maternal care centres in remote locations. Key interventions included:

- **Ambulance Support:** Donated an ambulance to Kanivu Charitable Society, Ernakulam, strengthening palliative services for terminally ill patients.
- **EV for Home Visits:** Sponsored an electric vehicle for Arike, an IMA-backed initiative in Kochi, to deliver palliative care across urban slums—serving over 200 patients monthly.
- **Mobile Dental Clinic:** Enabled Pushpagiri Medical Society in Kerala to deliver free dental treatments and oral cancer screenings in Alappuzha, Kottayam and Pathanamthitta.
- **Labour Rooms for Rural PHCs:** Constructed maternal care rooms in Wahkaji and Zikzak, Meghalaya, under the National Health Mission—enhancing safe delivery access in remote tribal regions.
- **Advanced Equipment:**
  - Donated a bi-phasic defibrillator and pacer to St. Mary's Hospital, Kottayam.
  - Procured a Multipara Patient Monitor for St. Joseph Hospital, Agartala.
  - Supplied 20 wheelchairs to Government Medical College, Idukki.

Disability and Neurodivergence Support

We continued to prioritise support for individuals with physical and developmental challenges—making dignity of movement and expression a priority.

- **Mobility Devices for Muscular Dystrophy Patients:** Supported MIND Trust with 19 devices for individuals with Muscular Dystrophy and Spinal Muscular Atrophy.
- **Hydrotherapy for Rehabilitation:** Donated an aquatic treadmill to Peace Valley, Ernakulam—aiding pain relief and mobility training for over 140 paraplegic patients monthly.
- **Sensory Park for Children with Autism:** Constructed a 7,500 sq. ft. Sensory Park at KRIPA Special School, Ernakulam, supporting 67 neurodivergent children from economically disadvantaged backgrounds with interactive, therapeutic environments.

Community Wellness and Preventive Health

Our community healthcare focus extended beyond treatment to include preventive health, nutrition and well-being:

- Renovated the DEIC unit and built a roof-covered passage at General Hospital, Ernakulam.
- Established an open gym facility at Mianpur Changar Gram Panchayat, Punjab, promoting rural fitness.
- Distributed 150 nutrition kits to patients through Vijay Marie Hospital, Hyderabad.
- Provided sports equipment to Alphonsa Athletic Academy, Pala, encouraging health and wellness through sports.



LIVELIHOOD AND SKILLING

Inclusive progress begins with the dignity of livelihood. This year, our efforts were focused on unlocking access to opportunity through nutrition support, physical accessibility, digital empowerment and job-aligned upskilling.

2,644

Trainees supported through skill development initiatives

Federal Skill Academy (FSA)

- 8 academies are operational across **seven states**, with **two new centres opened** this year in Guwahati and Faridabad.
- Run in partnership with institutions like M/s SB Global Educational Resources Pvt Ltd, M/s Don Bosco Institute and M/s HPAA Good Deed Foundation.
- **2,644 students trained** in FY 2024–25; the cumulative count since inception stands at **8,587**, with an **81% placement rate**.
- The curriculum includes banking, IT, hospitality, and sales, with built-in employability support.



Digital Empowerment in Public Services and Schools

Our CSR initiatives under the 'Promoting Digitisation' focus area are helping bridge the digital divide in semi-urban and underserved regions. We collaborate closely with panchayats, local government bodies, NGOs and educational institutions to enhance digital infrastructure, thereby enabling more inclusive access to services, governance and learning.

Key interventions during the year included:

- **Public Services:** We equipped the Tahsildar's Office in Haveri, the Gharaunda Municipal Office (Haryana) and other local self-governing bodies with desktop computers and digital infrastructure to strengthen service delivery and introduce advanced digital workflows.
- **Schools:** Institutions such as Delhi World Public School, Agartala, were supported with IT hardware to improve student access to digital learning tools, enabling more equitable educational opportunities.
- **NGO and Community Centre Support:** By supplying desktop PCs, laptops, and accessories to NGOs and community centres, we have enhanced their operational capabilities, supported digital literacy programmes and enabled local education and awareness efforts.
- **Wider Regional Impact:** These efforts, spanning Haryana, Gujarat, Odisha and other states, contribute to broader digital inclusion by providing communities with access to technology, digital services and skills training.

Through these strategic collaborations, we are enabling local institutions to better serve their communities and also laying the foundation for sustained economic growth, digital connectivity and empowered citizenship across India's semi-urban landscape.

A MODEL FOR SUSTAINABLE AND DIGITALLY-DRIVEN VILLAGE TRANSFORMATION

Our **Mission Mookkannoor**, launched on the 106th birth anniversary of our founder, the late K. P. Hormis, is a flagship CSR initiative focused on holistic rural transformation. Building on the digital empowerment of Mookkannoor village in 2017 (to mark the founder's centenary), the initiative has since evolved into a comprehensive model addressing waste management, renewable energy, sanitation, infrastructure and community well-being.

Aligned with the Swachh Bharat Abhiyan, India's renewable energy goals, and the United Nations Sustainable Development Goals (SDG 11 – Sustainable Cities and Communities), the project demonstrates how sustained CSR engagement can drive lasting grassroots impact.

Key Impact Areas

1. **Waste Management and Sanitation**

   Mission Mookkannoor has significantly improved the village's waste ecosystem and hygiene practices:

   - **Distributed 4,569 bio bins** to enable decentralised waste segregation.
   - **Operationalised integrated waste processing system.**
   - **1,000 menstrual cups** distributed, promoting sustainable menstrual hygiene.
   - **Electric autorickshaws** deployed for eco-friendly waste collection and transport.

2. **Renewable Energy and Green Infrastructure**

   To reduce the village's carbon footprint and enhance energy self-sufficiency:

   - **54 solar-powered streetlights** installed, improving night-time safety and reducing energy costs.
   - 1**0 kW solar power plant** set up at the Government Primary Health Centre.

3. **Environmental Sustainability**

   Environmental enrichment efforts have transformed public spaces and contributed to ecological balance:

   - Large-scale tree plantation and water conservation efforts.
   - Development of K. P. Hormis Park, comfort stations and open gyms, enhancing community recreation and health.

4. **Community Infrastructure and Public Safety**

   Investments in local infrastructure have elevated living standards and public convenience:

   - **Clean drinking water facilities** installed, improving access to safe water.
   - **Upgraded community libraries** to support education and lifelong learning.
   - **CCTV cameras and bus shelters** set up to improve safety and mobility.



ENVIRONMENT AND RURAL DEVELOPMENT

Environmental sustainability is one of the core pillars of how we build trust with future generations. Our focus this year was twofold: to support environmental restoration through collective citizen action and to enhance quality of life in rural and underserved communities through green infrastructure and sanitation.

1.28 Lakh
Saplings planted

World Environment Day 2024

In response to the global call 'Our Land, Our Future', we organised large-scale climate action across India:

- Beach clean-ups, sapling plantations, plog runs, e-waste collection and craft exhibitions were conducted across Mumbai, Kozhikode, Bangalore, Puducherry, Thiruvananthapuram, Kottayam, and more.
- In partnership with Project Mumbai – Jallosh, we removed 422 kg of plastic from Juhu Beach, with 30% recycled into usable materials.
- Over 5,000+ employees participated, reinforcing our grassroots commitment to climate resilience.



Green Infrastructure and Renewable Energy

- Sponsored a **50-kW solar power** plant at Universal Engineering College, Irinjalakuda, reducing dependence on fossil fuels.
- Donated **solar streetlights, solar high-mast lights**, and **battery-operated municipal vehicles** in rural areas across **Tamil Nadu, Kerala and Karnataka** to support clean energy adoption.

Swachh Bharat and Sanitation Initiatives

- Donated **250 waste bins** to Sangli Miraj Kupwad Corporation and installed dustbins, plastic bottle collectors and waste segregation systems in **Malappuram, Trivandrum, Kochi and Muvattupuzha**, promoting local hygiene and waste management.

Student Empowerment for Environmental Development (SEED)

- In association with Mathrubhumi SEED, we scaled our environmental education efforts.
- A milestone was achieved when **5,000 students** planted **5,000 millet seeds in one minute** — a record recognised by the Asia Book of Records.
- The Miyawaki afforestation project launched as part of SEED now promotes biodiversity in urban spaces.



Inclusive Rural Upliftment and Development

- Supported the installation of 10 LED streetlights at Sisu Sadhan, Rajbandh, which comes under the Asansol Durgapur Development Authority providing illumination in the vicinity.
- Supported the fisherman community in Nagercoil with setting up a library at the office of Coastal Peace and Development, Nagercoil.
- Supported the installation of LED streetlights across multiple municipalities in Tamil Nadu, providing illumination to the highways.

EMPOWERING COMMUNITIES THROUGH MEASURABLE CSR IMPACT

Our CSR expenditure, including flagship initiatives such as the Nagercoil Solid Waste Management Project, has translated into tangible and measurable indirect outcomes across employment generation, financial upliftment, healthcare access and infrastructure development. Our approach to social responsibility is rooted in long-term value creation, aligned with ESG priorities and the UN Sustainable Development Goals (UNSDGs).

Job Creation and Skill Development

- **Federal Skill Academy Expansion:** Eight centres across the country have trained over **8,987 candidates**, achieving an impressive **81% placement rate**.
- **Entrepreneurial Support for Women:** Tailoring programs have enabled housewives to achieve self-employment, driving economic independence and social upliftment.
- **Nagercoil Project Workforce Enhancement:** Under the Thooimai 3.0 initiative, the Nagercoil Solid Waste Management Project has streamlined operations through geotagged attendance, fleet monitoring and HR digitisation.

Financial and Economic Mobility

- **Federal Bank Hormis Memorial Foundation Scholarship:** Currently, 883 students are availing financial support through this scholarship programme, which enhances access to higher education and improves future employment prospects. Since its inception, the programme has supported a total of 2,460 students through scholarships.



Healthcare, Sustainability and Infrastructure Development

- **Sanjeevani – United Against Cancer:** The initiative has benefitted 14,427 patients in FY 2024–25, supporting timely diagnosis, treatment, and awareness.
- **Renewable Energy and Sanitation Initiatives:**
  - 167 solar-powered streetlights have been installed in rural and semi-urban areas, enhancing safety and reducing energy costs.
  - Digitisation of solid waste processing under the Nagercoil project has significantly reduced the environmental impact of urban waste.



ESG Alignment and Contribution to UNSDGs (Nagercoil Solid Waste Management Project)

The project's impact spans several key sustainability goals:

- **Clean Water and Sanitation (SDG 6):** Enhanced municipal waste segregation, collection and treatment have improved sanitation standards.
- **Industry, Innovation and Infrastructure (SDG 9):** Technology-enabled solutions such as fleet tracking and operational dashboards have modernised urban waste systems.
- **Climate Action (SDG 13):** Reduced carbon footprint through efficient resource management and digital monitoring.



ENSURING RELEVANCE, IMPACT AND SUSTAINABILITY

We ensure that our CSR programmes are rooted in local priorities through structured feedback mechanisms and continuous stakeholder engagement. This approach ensures that each initiative remains relevant, adaptive and aligned with long-term community needs and the UN Sustainable Development Goals (UNSDGs).

- **Community Engagement:** Local consultations, via discussions, surveys and direct dialogue, are conducted to identify beneficiary needs. This is integral to several initiatives, including the Federal Skill Academies and Federal Bank Hormis Memorial Foundation Scholarships.
- **Project Oversight:** Dedicated core committees and partner organisations monitor on-ground implementation to ensure alignment with local demands, as seen in community-led programmes like Mission Mookkannoor.
- **Impact Measurement:** Structured assessments evaluate real-world outcomes of CSR interventions.
- **Sustainability Support:** Most CSR projects are designed for long-term impact. For example, graduates from the Federal Skill Academies continue to receive placement support for over a year after completing their training, ensuring enduring employability and livelihood security.

Impact Measurement of Flagship Programmes

As part of our commitment to accountability and continuous improvement, we undertake independent third-party assessments to evaluate the effectiveness of our flagship CSR initiatives.

In FY 2024–25, the Speak for India (SFI) 2023–24 programme underwent a structured impact evaluation by an external agency. The findings highlighted that SFI plays a pivotal role in shaping the minds of young individuals by equipping them with critical thinking, effective communication and the ability to engage in constructive dialogue on complex issues.

The report affirmed that it promotes active listening, analytical thinking and respectful articulation of diverse perspectives among participating youth. By encouraging meaningful discourse, SFI contributes to leadership development, self-confidence and civic engagement, helping prepare the next generation to become informed, empathetic and proactive citizens.

SUSTAINABILITY

Driving a Breakthrough in Sustainable Banking

Sustainability is a strategic breakthrough that defines how we remain alert to climate risks, agile in adopting eco-conscious innovations and astute in enabling long-term value for stakeholders. Anchored in India's net-zero ambition and aligned with global sustainability frameworks, we have deeply integrated environmental, social and governance (ESG) priorities into every facet of our business, from internal operations and lending decisions to our supply chain and stakeholder partnerships. Over the year, this integrated approach has translated into decisive progress, measurable outcomes and a firm commitment to driving climate-conscious growth.

2,003.94GJ
Renewable energy consumed

126.43MT
Waste recycled

3.53 MMT
Annual emission reduction in CO2e through Green Lending



INSTITUTIONALISING SUSTAINABILITY ACROSS OPERATIONS

We continue to demonstrate our environmental responsibility through targeted efforts in energy management, water conservation, waste reduction and material efficiency. Specific environmental performance metrics highlight our progress:

- **126.43 metric tonnes** of waste recycled during the year.
- **3.53 Million metric tonnes** (MMT) annual emission reduction in CO2e through Green Lending sanctioned up to March 2025.
- **2,003.94 GJ** of renewable energy consumed, reinforcing our commitment to cleaner power.

Our infrastructure is being systematically upgraded to reduce operational carbon footprint. Key initiatives include:

- 100% LED lighting conversion across all Bank-occupied premises.
- Exclusive procurement of star-rated, inverter-based HVAC systems to optimise energy efficiency.
- Installation of energy-saving devices at 50 ATMs, saving 39,258 kWh; expansion planned across 300 additional locations.
- 20 premises now IGBC green certified, setting benchmarks for sustainable banking infrastructure.

Digital-first Approach for Carbon Reduction

Our strategic focus on digitalisation has delivered measurable environmental benefits by reducing physical dependencies. Several initiatives helped avoid carbon-intensive processes:

- Digital onboarding processes eliminated the need for physical Account Opening Form (AoF) and Know Your Customer (KYC) documentation. All the non-face to face CDD requirements are done as per Combating Financial Crime Policy including the additional due diligence measures stipulated by RBI.
- Digital statements, online PIN generation and the promotion of digital transactions significantly curtailed paper usage and logistics.
- 814.37 MT of paper was saved during FY 2024–25, directly contributing to greenhouse gas (GHG) emission reduction.

814.37 MT
Paper was Saved

Responsible IT and E-Waste Management

Our IT infrastructure is designed to uphold material efficiency and ESG compliance. A centralised, vendor-managed e-waste disposal mechanism ensures obsolete assets are responsibly recycled, minimising environmental impact and reflecting our commitment to responsible consumption.

INTEGRATING SUSTAINABILITY INTO OFFERINGS

Our lending strategy is deeply aligned with the nation's decarbonisation priorities and sectoral climate goals. Credit proposals in Corporate Investment Banking (CIB) and Commercial Banking (COB) divisions are reviewed under our Environmental and Social Management System (ESMS) and benchmarked against IFC Performance Standards.

Federal Bank became the first Indian bank to formally commit to a coal phase-out policy, ceasing financing for new or expansion in coal mining, coal-fired power plants and oil and gas exploration. As of March 31, 2025, coal-related sub-project exposure stood at just 0.39% of total gross advances.

Our green lending portfolio actively supports projects that generate measurable environmental benefits:

- **Renewable energy** installations (Solar, Wind and Hydro)
- **Green-certified buildings** and sustainable construction
- **Electric vehicles (EVs)** and associated infrastructure
- **Sustainable agriculture** and scientific waste management practices

We use Climate Assessment for Financial Institutions (CAFI) tools to evaluate the environmental impact of loans, ensuring alignment with the Multilateral Development Banks' (MDBs) taxonomy. These efforts highlight our role in financing India's transition in emission-intensive sectors such as energy, transport, construction and agriculture.



Innovative ESG-linked Credit Solutions

- A dedicated Green Loan Scheme enables access to ESG-compliant financing.
- Unsecured solar loans (up to ₹50 Lakh) are extended to housing societies and registered trusts.
- Preferential lending rates are offered incentivising climate positive customer choices.

Capacity Building for Sustainability Integration

To institutionalise ESG at scale, we invested in sensitisation and skill development. Relationship Managers underwent structured sustainability training to ensure deeper ESG integration in client engagements and credit appraisals.

GREEN FINANCING

Business Vertical	Green category	Balance O/S (in ₹ Crore)
Wholesale Banking	Renewable Energy	6,785.03
	Other Mitigation*	1,551.85
	Green Building	409.81
Retail Banking	Renewable Energy	96.07
	Other Mitigation*	437.60
Total		**9,280.37**

*Other Mitigations includes loan provided for EVs, Waste Management Projects and Upstream & Downstream activities related to Renewable Energy and others.



₹9,280 Crore

Total Green Loan outstanding





STRENGTHENING ESG PRACTICES ACROSS THE VALUE CHAIN

Recognising the ripple effects of responsible banking, we have proactively extended ESG frameworks to our vendors. Key actions included:

- Identification of key vendors and value chain partners for **ESG sensitisation**.
- Conducting **capacity building programme** on suppliers' ESG reporting capabilities.
- Rollout of a **Supplier Code of Conduct**, anchored in six key principles:
  - Legal compliance
  - Human and labour rights
  - Ethical conduct
  - Occupational health and safety
  - Environmental responsibility
  - Confidentiality and business continuity

These steps ensure that our sustainability efforts extend beyond the organisation to influence our partners and service providers.

NAVIGATING CLIMATE RELATED RISKS AND OPPORTUNITIES

As a responsible Bank, we acknowledge the growing concern surrounding climate change and its implications on our business, customers and the environment. We recognise the critical role banks play in managing climate-related risks and supporting climate action.

We are engaging with industry experts to better understand and address climate-related financial risks. This includes aligning our practices with the Reserve Bank of India's (RBI) draft circular on the disclosure framework for climate-related financial risks. We are prioritising capacity building on climate-related aspects to develop a strong internal team and ensure readiness for regulatory requirements.

During the year, we embarked on a pilot project to evaluate the emissions of our lending portfolio using the Partnership for Carbon Accounting Financials (PCAF) methodology. Although the project was based on a limited dataset, it helped us in devising a roadmap on our climate risk strategy including the process and IT improvements required for this journey. We aim to disclose our financed emissions in a phased manner as we develop suitable systems and frameworks.

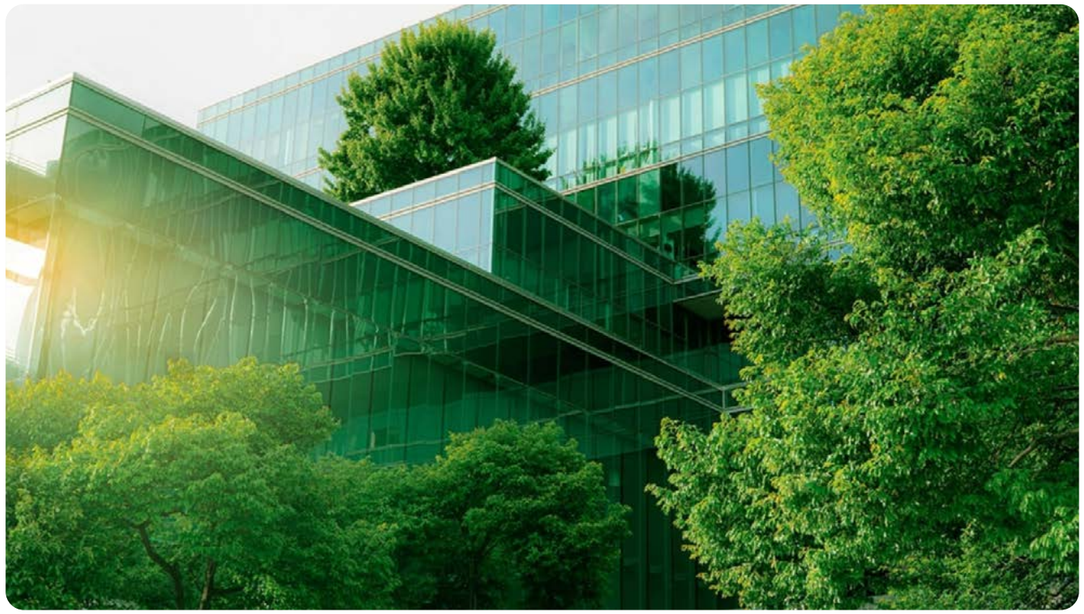
We have taken steps to ensure comprehensive reporting of our greenhouse gas (GHG) emissions. Our GHG assessment covers material emissions under Scope 1, 2 and 3, except for Category 15 (Financed Emissions) under Scope 3. Our Scope 1 and 2 GHG emission numbers, including the assessment methodology are verified and reasonably assured by an independent Assurance Provider, while our Scope 3 GHG emission numbers underwent a limited assurance process.

As we navigate the evolving landscape of climate-related risks and opportunities, we reaffirm our commitment to working proactively to address these challenges. We will continue to invest in capacity building, disclose our climate-related performance and engage with stakeholders to ensure we meet the expectations of regulators, investors, customers and the broader community. By doing so, we aim to contribute to a more sustainable and resilient future for all.

LOOKING AHEAD

We are committed to playing a transformational role in India's low-carbon economy. Our actions are rooted in a long-term vision of value creation that balances profitability with environmental and societal well-being. Whether it is financing clean energy, reducing our operational emissions, digitising customer experiences to avoid waste or embedding ESG in our supply chain, we are determined to make sustainability a cornerstone of our progress.

As we look ahead, our focus will remain on expanding climate-aligned finance, improving climate risk disclosures and influencing positive environmental outcomes across the financial ecosystem.



Corporate Information

BOARD OF DIRECTORS*

Abhaya Prasad Hota
Part Time Chairman and Independent Director

Siddhartha Sengupta
Independent Director

Manoj Fadnis
Independent Director

Sudarshan Sen
Independent Director

Varsha Vasant Purandare
Independent Director

Sankarshan Basu
Independent Director

Ramanand Mundkur
Independent Director

Elias George
Independent Director

Krishnan Venkat Subramanian
Managing Director and CEO

Shalini Warrier **
Executive Director

Harsh Dugar
Executive Director

KEY MANAGERIAL PERSONNEL*

Krishnan Venkat Subramanian
Managing Director and CEO

Shalini Warrier **
Executive Director

Harsh Dugar
Executive Director

Venkatraman Venkateswaran ***
Group President and CFO

Samir Pravinchandra Rajdev
Company Secretary

REGISTERED OFFICE

Post Office No. 103, Federal Towers,
Aluva – 683 101, Kerala, India.
Ph: 91-484 2623620-29

Corporate Identification Number

L65191KL1931PLC000368

JOINT STATUTORY AUDITORS

Suri & Co, Chartered Accountants,
Chennai

MSKA & Associates,
Chartered Accountants,
Mumbai

REGISTRAR AND TRANSFER AGENT

M/s. Integrated Registry Management Services Private Limited,
II Floor Kences Towers,
No. 1 Ramakrishna Street, North Usman Road T Nagar, Chennai – 600 017
Ph: 044-28140801

DEBENTURE TRUSTEES

IDBI Trusteeship Services Limited
Universal Insurance Building,
Ground Floor, Sir P M Road, Fort,
Mumbai – 400 001

SUBSIDIARIES AND ASSOCIATE COMPANIES

Listed Subsidiary

Fedbank Financial Services Limited

Unlisted Wholly Owned Subsidiary

Federal Operations and Services Limited

Associates

Ageas Federal Life Insurance Company Limited

*As on March 31, 2025

**Relieved from the services of the Bank on May 23, 2025

***Appointed as Executive Director of the Bank with effect from July 10, 2025

Board's Report

To
The Members of
The Federal Bank Ltd.,

Your directors are pleased to present the 94th Annual Report on the business and operations of The Federal Bank Limited ("the Bank"), together with the audited accounts for the Financial Year (FY) ended March 31, 2025. It outlines Bank's commitment to stakeholder value creation and defines the actions it takes and outcome it achieved for its stakeholders.

1. CORPORATE OVERVIEW

Your Bank is driven by the quest to be one of the most admired banking institutions in the country and is the preferred Personal, NRI and Business banking partner for a growing expanse of customers across India, in both urban and rural areas. Bank's mantra is "Digital at Fore and Human at the Core".

2. FINANCIAL HIGHLIGHTS

2.1. Consolidated:

(₹ in crores)

	FY 2024-25	FY 2023-24
Total Income	32,030.25	26,781.95
Total expenditure, excluding provisions and contingencies	25,523.22	21,261.37
Operating Profit	6,507.03	5,520.58
Provisions and contingencies, excluding provision for tax	919.20	259.58
Profit Before Tax	5,587.83	5,261.00
Provision for Taxes	1,386.34	1,333.47
Profit After Tax	4,201.49	3,927.53
Less: Minority Interest	75.17	83.61
Add: Share in Profit of Associates	32.53	36.51
Consolidated Profit for the Group	4,158.85	3,880.43
Earnings per equity share:		
Basic (₹)	16.98	16.76
Diluted (₹)	16.80	16.55

2.2. Standalone:

(₹ in crores)

	FY 2024-25	FY 2023-24
Total Income	30,166.50	25,267.53
Total expenditure, excluding provisions and contingencies	24,065.37	20,093.05
Operating Profit	6,101.13	5,174.48
Provisions and contingencies, excluding provision for tax	733.06	196.10
Profit Before Tax	5,368.07	4,978.38
Provision for Taxes	1,316.18	1,257.78
Profit After Tax	4,051.89	3,720.60
Add: Surplus brought forward from the previous year	7,048.02	5,385.27
Amount available for appropriation	11,099.91	9,105.87
Appropriations:		
Statutory Reserve under Section 17 of the Banking Regulation Act, 1949	1,012.97	930.15
Transfer to Capital Reserve	83.55	81.76
Transfer to Special Reserve	195.65	173.68
Transfer to Investment Fluctuation Reserve Account	151.93	66.84
Transfer to Investment Reserve	-	16.24
Transfer to Revenue Reserves	606.72	554.25
Dividend pertaining to previous year paid during the year	294.00	234.91
Surplus carried to Balance Sheet	8,755.10	7,048.02
Financial Position		
Deposits	2,83,647.47	2,52,534.02
Advances	2,34,836.39	2,09,403.33
Total Business (Deposits + Advances)	5,18,483.86	4,61,937.35

(₹ in crores)

	FY 2024-25	FY 2023-24
Other Borrowings	23,726.30	18,026.42
Investments	66,245.61	60,859.53
Total Assets (Balance Sheet Size)	3,49,004.80	3,08,311.80
Equity Capital	491.17	487.07

2.3. Key performance indicators

Key performance indicators	FY 2024-25	FY 2023-24
Interest Income as a percentage to Working Funds* (%)	8.02	7.86
Non-interest income as a percentage to Working Funds* (%)	1.16	1.09
Cost of Deposits (%)	5.90	5.63
Net Interest Margin (%) **	3.13	3.20
Operating Profit[$] as a percentage to Working Funds* (%)	1.86	1.83
Return on Assets [Based on Average Working Fund] *(%)	1.23	1.32
Business (Deposits less inter-bank deposits plus advances) per employee (Amount in ₹ Crore) ***	32.74	31.92
Profit per employee (Amount in ₹ Crore) ***	0.26	0.26

Notes:

** Working Funds represent average of total assets as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949 during the year.*

*** Net Interest Income / Average Earning Assets. (Net Interest Income = Interest Income – Interest Expense).*

**** Productivity ratios are based on average number of employees for the year.*

[$] Operating profit represents total income as reduced by interest expended and operating expenses.

3. FINANCIAL PERFORMANCE OF THE GROUP

Subsidiaries and the Associate Companies of the Bank continued to deliver steady performance. Consolidated net profit attributable to the group for FY 2024-25 is ₹ 4158.85 Crore as against ₹ 3,880.43 Crore in FY 2023-24.

4. SUBSIDIARIES, JOINT VENTURES, AND ASSOCIATES

As on March 31, 2025, the Bank has following subsidiaries and associate company:

Sl. no.	Name of the subsidiary/ associate company	Subsidiary/ associate	Business activity	% of shares held by the group
1	Federal Operations and Services Limited (FedServ)	Subsidiary	The company is engaged in the back office operational services for the Bank	100%
2	Fedbank Financial Services Limited (Fedfina)	Subsidiary	Marketing of Bank's own products and lending against gold and property.	61.03%
3	Ageas Federal Life Insurance Company Limited	Associate	Life Insurance Co. regulated by IRDA.	26%

Note: During the year, the Bank divested stake in Equirus Capital Private Limited (ECPL) equivalent to 70.50 lakh shares i.e 9.81% of paid-up equity share capital of ECPL. Following this stake sale, ECPL ceased to be an Associate Company of the Bank with effect from November 15, 2024.

4.1. Federal Operations and Services Limited

Federal Operations and Services Limited (FedServ) is a wholly owned subsidiary company of The Federal Bank Limited (the Bank) incorporated on October 26, 2018. FedServ received approval from RBI on November 09, 2018, for commencing its operations. FedServ started its operations w.e.f. December 01, 2018.

As on March 31, 2025, FedServ's Board of Directors has following five members-

- Mr. Sidhartha Sengupta, Chairman & Non-Executive Director.
- Mr. Venkatraman Venkateswaran, Non-Executive Director.
- Mr. Johnson K Jose, Non- Executive Director.
- Mr. Narayanan Nair Rajanarayanan, Additional Non-Executive Director
- Mr. Prashant Preman, Wholetime Director.

During the year ended on March 31, 2025, FedServ has taken significant operational activities of the Bank. FedServ is carrying out 235 operational activities of the Bank as on March 31, 2025. Company does not deal in loans and advances, neither it accepts deposits. FedServ is operating from Four locations: - Kochi in Kerala, Visakhapatnam in Andhra Pradesh, Bengaluru in Karnataka and Indore in Madhya Pradesh.

The total revenue of FedServ for the year ended on March 31, 2025, was ₹ 105.13 Crores. ₹ 102.85 Crores pertains to services provided by the Company to the Bank and ₹ 2.28 Crores relates to the indirect incomes. The Company had a net profit before tax of ₹ 8.92 Crores for the year ended on March 31, 2025. The Net worth of FedServ at the beginning of the year was ₹ 26.18 Crores and closing net worth of FedServ as on March 31, 2025, was ₹ 33.67 Crores.

FedServ will help the Bank in serving the customers better and reducing the cost of operations significantly. FedServ will also help the Bank to improve turnaround time of various operational processes, improve First Time Right (FTR) rate and enable the Bank to become FIRST CHOICE Bank of customers.

The Profit after tax of the Company for the year ended March 31, 2025, increased to ₹ 7.91 Crores from ₹ 5.98 Crores for the year ended March 31, 2024. The total assets of the Company increased to ₹ 44.06 Crores as on March 31, 2025, from ₹ 35.54 Crores as on March 31, 2024.

4.2. Fedbank Financial Services Limited

Fedbank Financial Services Limited ("Fedfina") is a subsidiary company of The Federal Bank Limited (the "Bank"), which was incorporated on April 17, 1995, in Aluva, Kochi, State of Kerala under the Companies Act, 1956 and was granted a certificate of incorporation by the Registrar of Companies, Kochi, Kerala. The Reserve Bank of India had also issued Certificate of registration dated August 24, 2010, granting approval to Fedfina to carry on the business of a non-banking financial institution without accepting public deposits. Presently, the Registered and Corporate office of Fedfina is at Mumbai, Maharashtra. Fedfina have a well-tailored suite of products targeted to match our customers' needs, which includes mortgage loans, business loans, and gold loans. It also distributes loan products of the Bank. It has broadened its geographical presence by establishing new branches across India providing multiple loan products to various segments of borrowers. With the opening of 75 branches during the year, the branch network has now reached to 694 branches as on March 31, 2025, across 18 states for multiple products.

Fedfina's Board of Directors comprises of the following ten directors as on March 31, 2025:

- Mr. Shyam Srinivasan- Non-Executive Chairman & Non-Executive Director
- Mr. Parvez Kasim Mulla – Managing Director and Chief Executive Officer
- Mr. Ramesh Sundararajan - Non-Executive - Independent Director
- Mr. Sunil Satyapal Gulati - Non-Executive - Independent Director
- Ms. Sonal Nitin Dave- Non-Executive - Independent Director
- Ms. Mona Mukund Bhide – Non-Executive - Independent Director
- Mr. Muralidharan Rajamani- Non-Executive - Independent Director
- Mr. Maninder Singh Juneja – Non-Executive Nominee Director
- Mr. Harsh Dugar- Non-Executive Nominee Director
- Mr. Krishnan Venkat Subramanian-Non-Executive Nominee Director

Fedfina's credit ratings has upgraded to AA+/Stable by CARE ratings, India Ratings and CRISIL, boosting the confidence of our stakeholders at large.

The Total revenue of the Company for the financial year ended March 31, 2025, has increased to ₹ 2,07,982 Lakh as against ₹ 1,62,300 lakhs for the previous year ended March 31, 2024. Similarly, Net Interest Income (NII) grew by 32% from ₹ 81,212 Lakhs in FY 2024 to ₹ 1,07,081 Lakhs this year. The revenue increased by 28% on the back of growth of 19% in loan book during the year. The net profit of the Company decreased by 8% to 22,518 lakhs for the financial year ended March 31, 2025, as against ₹ 24,470 lakhs for the financial year ended March 31, 2024. The Net worth of Company at the beginning of the financial year, that is, April 1, 2024, was ₹ 2,26,083 lakhs and closing Net worth of Fedfina as on March 31, 2025, was ₹ 2,54,736 lakhs.

As of March 31, 2025, the AUM increased by 30% compared to FY 2023-24, reaching ₹ 15,81,154 lakhs while disbursements improved by 38% to ₹ 18,78,732 lakhs.

Over the past year, ₹ 113,089 lakhs of the gold loan AUM were through co-lending, and Fedfina conducted portfolio sell-down transactions totaling ₹ 2,12,960 lakhs. At the end of the year, 25.1% of the AUM was off the books.

Note: The figures reported above for Fedfina are as per the audited IndAS financial statements.

4.3. Associate Companies

As on March 31, 2025, the Bank has one Associate Company named M/s. Ageas Federal Life Insurance Company Limited (Formerly known as IDBI Federal Life Insurance Co Ltd.).

The Bank has an investment in the life insurance sector through a joint venture with Ageas Insurance International N.V., a leading European Insurance group. The joint venture entity, Ageas Federal Insurance Company Limited (formerly IDBI Federal Life Insurance), commenced the operations in March 2008. As on March 31, 2025, the Bank has a total stake of ₹ 208 Crores in the equity of the Company holding 26% of the equity capital. The total premium collected by Ageas Federal Life Insurance Company Limited during the period ended March 31, 2025, was ₹ 3,073 Crores.

On the financial front, the company has made a net profit after tax of ₹ 86 Crores in FY 2024-25. This was the 13th consecutive year of profit for the company. The total premium rose by 14 % to ₹ 3,073 crores in FY 2024-25 from ₹ 2,697 Crores in FY 2023-24.

As on March 31, 2025, Ms. Shalini Warrier, Executive Director and Mr. Venkataraman Venkateswaran, Group President &

CFO of the Bank are representing as a Non-Executive Directors in Ageas Federal Life Insurance Company Limited.

The Board of Directors, at its meeting held on March 25, 2025, approved the execution of a binding Memorandum of Understanding with Ageas Insurance International NV ("Ageas") and Ageas Federal Life Insurance Company Limited ("AFLIC"), for acquisition of 4% equity stake by the Bank in AFLIC, from Ageas. Reserve Bank of India vide its letter CO.DoR.RAUG.AUT.No.S8449/24.01.002/2024-25 accorded its approval to Federal Bank for acquisition of additional 4% stake in Ageas Federal Life Insurance Company Limited (AFLIC) for up to ₹ 105 crores. The Bank had subsequently executed (i) a binding Memorandum of Understanding on March 28, 2025, with Ageas and AFLIC, for acquisition of 4% equity stake by the Bank in AFLIC, from Ageas and (ii) a Share Purchase Agreement on April 30, 2025, with Ageas and AFLIC for acquisition of 4% equity stake by the Bank in AFLIC, from Ageas.

During the year, the Bank divested stake in Equirus Capital Private Limited (ECPL) equivalent to 70.50 lakh shares i.e 9.81% of paid-up equity share capital of ECPL. Following this stake sale, ECPL ceased to be an Associate Company of the Bank with effect from November 15, 2024.

The Consolidated Financial Statements of the Bank along with its Subsidiaries and Associate prepared for the year 2024-25 forms part of this Annual Report.

The financial position and performance of its Subsidiaries & Associate are given in Form AOC-1, the statement containing salient features of the financial statements of the subsidiaries/Associate Companies/Joint Venture form part of the Annual Report.

In accordance with third proviso to Section 136(1) of the Companies Act, 2013, the Annual Report of the Bank, containing therein its Standalone and the Consolidated Financial Statements has been hosted on its website, www.federalbank.co.in. Further, as per fourth proviso to the said Section, the Audited Annual Accounts of the said Subsidiary Companies of the Bank, considered as part of the Consolidated Financial Statements have also been hosted on the Bank's website, www.federalbank.co.in. The said documents have been hosted on the website of the Subsidiary Companies of the Bank also, in compliance with the said Section.

5. FINANCIAL PERFORMANCE AND STATE OF THE AFFAIRS OF THE BANK

5.1. Financial performance

During the year under review, some of the significant events are listed below:

(i) The Total Business (Total Deposit + Net Advances) crossed ₹ 5.18 Lakh Crore

(ii) The Total Deposit & Advances (Net) at ₹ 2.84 Lakh Crore & ₹ 2.35 Lakh Crore respectively.

(iii) Net Profit Crossed ₹ 4,000 Crores

(iv) Recorded decadal best Asset quality ratios, NNPA at 0.44% & GNPA at 1.84%.

During the year under review, CRAR of the Bank has increased to 16.40% for the FY 2024-25 as against 16.13% in the previous year, after considering dividend @ 60% of paid-up capital. Net worth has improved to ₹ 33,121.64 Crore from ₹ 29,089.41 Crore. Total Debts to Total Assets is at 6.80%.

As on March 31, 2025, Gross Advances increased by 12% to ₹ 2,38,134.44 Crore as compared to ₹ 2,12,622.66 Crore as March 31, 2024. Corporate Institutional Banking grew by 8% & Commercial Banking at 27% on Year-on-Year basis. Retail Book up by 14% with 10% growth in Core Retail segment, 9% growth in Agriculture segment, 11% growth in Business Banking segment, 35% growth in Commercial Vehicle/ Construction Equipment segment, 21% growth in gold loan segment & 19% growth in Micro Finance segment on a Year-on-Year basis. (Credit segments are based on internal classifications and are realigned at the beginning of every FY. Vertical wise advance figures do not account for sale via IBPC.)

With the expanding network of banking outlets & customers, the Total Deposits grew further from ₹ 2,52,534.02 Crore as on March 31, 2024, to ₹ 2,83,647.47 Crore as on March 31, 2025, registering a growth of 12%. The Current Account & Savings Account ('CASA') deposits have recorded an increase of 16% from ₹ 74,199.74 Crore as on March 31, 2024, to ₹ 85,757.19 Crore as on March 31, 2025. Investments increased by 9% to ₹ 66,245.61 Crore for FY 2024-25 from ₹ 60,859.53 Crore as on March 31, 2023.

During the FY under review, the Total Income of the Bank has increased by 19% to ₹ 30,166.50 Crore as against the total income of ₹ 25,267.53 Crore for FY 2023-24. The Net Profit of the Bank grew by 9% to ₹ 4,051.89 Crore as against ₹ 3,720.60 Crore in the previous year. Operating profit for the year ended increased by 18% to ₹ 6,101.13 Crore from ₹ 5,174.48 Crore. The profit margin for the year ended decreased to 13.43% as against 14.72% in the previous year. Consequently, Return on Average Equity ('ROAE') is at 13.03% for FY 2024-25 & Return on Average Asset ('ROAA') stood at 1.23% for FY 2024-25. Correspondingly, Basic earnings per share ('EPS') increased from ₹ 16.07 in FY 2023-24 to ₹ 16.54 as at the end of FY 2024-25 whereas diluted earnings per share ('DEPS') is up from ₹ 15.87 to ₹ 16.37.

5.2. Asset Quality

The Gross NPA of the Bank as on March 31, 2025 stood at ₹ 4,375.54 Crore. Gross NPA as a percentage to Gross Advances is at 1.84%. The Net NPA stood at ₹ 1,040.38 Crore & Net NPA percentage is at 0.44% as on March 31, 2025. The Provision Coverage Ratio (excluding technical write offs) stood at 75.37% as on March 31, 2025.

5.3. Outreach of Bank presence & network

During the FY under review, the Bank has added 85 new banking outlets taking the total count of banking outlets to 1,589 as on March 31, 2025. Out of the total banking outlets, 274 are in metros, 223 are in rural, 781 in semiurban & 311

in urban centres. Apart from above, the Bank has 2,080 ATMs/ Recyclers as on March 31, 2025. The Bank also has its Digital Banking Unit at Kolkata, Representative Office at Abu Dhabi & Dubai & an International Financial Service Centre (IFSC) Banking unit (IBU) in Gujarat International Finance Tec-City (GIFT City).

5.4. Change in the nature of business.

There is no change in the nature of business of the Bank for the year under review. Further information on the business overview & outlook & state of the affairs of the Bank is discussed in detail in the Management Discussion & Analysis Report.

5.5. Material changes and commitments affecting the financial position of the Bank

No material changes and commitments which could affect your Bank's financial position have occurred between the end of the financial year of your Bank and date of this report.

6. DIVIDEND, DIVIDEND DISTRIBUTION POLICY & TRANSFER TO RESERVE

In accordance with Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) as amended, the Bank has formulated and adopted a dividend distribution policy, which was reviewed by the Board. The policy is available on the website of the Bank at https://www.federalbank.co.in/our-commitments.

In view of the overall performance of the Bank and while retaining capital to support future growth, the Board at its meeting held on April 30, 2025, recommended a final dividend of ₹ 1.20 (60 %) per equity share of ₹ 2/- each fully paid-up, subject to the approval of members at the ensuing 94th Annual General Meeting (AGM). The record date for payment of dividend is mentioned in the notice of the ensuing 94th AGM of the Bank. In terms of Accounting Standard (AS) - 4 'contingencies and events occurring after the balance sheet date' as notified by the Ministry of Corporate Affairs (MCA) under Section 133 of the Companies Act, 2013 (Act) read together with the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules, 2021, such proposed dividend has not been recognised as a liability as on March 31, 2025. Further, shares issued on exercise of stock options after March 31, 2025, till record date will also be eligible for such proposed dividend. In terms of the Income Tax Act, 1961, the dividend income is taxable in the hands of the members. Therefore, the dividend will be paid to the members after deduction of applicable tax, if any. For details, shareholders are requested to refer to the Notice of 94th Annual General Meeting of the Bank.

7. CAPITAL STRUCTURE & FUND RAISING

7.1. Share Capital

Consequent to the allotment of equity shares as mentioned below, the total paid-up equity shares capital of the Bank increased by ₹ 4.09 Crores to ₹ 491.16 Crores as on March 31, 2025, as compared to ₹ 487.07 Crores, as on March 31, 2024. The equity shares allotted pursuant to exercise of Stock options under Employee Stock Option Scheme rank pari-passu with the existing equity shares of the Bank.

7.2. Share Based Employee Benefits

The Bank has instituted Employee Stock Option Schemes, duly approved by the shareholders of the Bank to enable its employees including Whole Time Directors to participate in the future growth and financial success of the Bank. The Employee Stock Option Schemes are formulated in accordance with the SEBI guidelines, as amended from time to time. The eligibility and number of options to be granted to an employee is determined based on various parameters such as scale, designation, performance, grades, period of service, Bank's performance and such other parameters as may be decided by the Nomination, Remuneration, Ethics and Compensation Committee of the Board from time to time in its sole discretion.

The Bank's shareholders had approved The Federal Bank Limited Employee Stock Option Scheme 2010 (ESOS 2010) on December 24, 2010, The Federal Bank Limited Employee Stock Option Scheme 2017 (ESOS 2017) on July 14, 2017, and The Federal Bank Limited Employee Stock Option Scheme 2023 (ESOS 2023) and The Federal Bank Limited Employee Stock Incentive Scheme 2023 (ESIS 2023) on August 18, 2023.

Whereas the approval for extension of The Federal Bank Limited Employee Stock Option Scheme 2023 and The Federal Bank Limited Employee Stock Incentive Scheme 2023 to employees of subsidiary company(ies) / associate company(ies) was not passed as per the voting results in the 92nd AGM held on August 18, 2023, consequently, the respective clauses/ statements in the Scheme Documents are deemed non-operational and invalid.

7.2.1. The Federal Bank Limited Employee Stock Option Scheme 2010 (ESOS 2010)

Under ESOS 2010, the Nomination, Remuneration, Ethics and Compensation Committee granted 3,47,20,200 options during the year 2011-12, 2,44,84,750 options during the year 2012-13, 2,60,94,250 options during the year 2013-14, 1,11,56,450 options during 2014-15, 10,25,000 options during the year 2015-16, 9,65,000 options during the year 2016-17, 1,00,000 options during the year 2017-18, 55,29,550 options during the year 2023-24 and 23,14,750 options during the year 2024-25. The options granted which are non-transferable, with vesting period of 1 to 5 years subject to standard vesting conditions, must be exercised within five years from the date of vesting. During FY 2025, 2,35,000 options had been exercised and as on March 31, 2025, 78,73,800 options were in force.

7.2.2. The Federal Bank Limited Employee Stock Option Scheme 2017 (ESOS 2017)

Under ESOS 2017, the Nomination, Remuneration, Ethics and Compensation Committee granted 2,23,18,348 options during the year 2017-18, 3,72,31,307 options during the

year 2018-19, 3,05,24,986 options during the year 2019-20, 1,68,84,159 options during the year 2020-21, 37,33,250 options during the year 2021-22, 45,03,375 options during the year 2022-23, 1,05,000 options during the year 2023-24 and 49,98,000 options during the year 2024-25. The options granted which are non-transferable, with vesting period of 1 to 4.25 years subject to standard vesting conditions, must be exercised within five years from the date of vesting. During FY 2025, 1,48,51,893 options had been exercised and as on March 31, 2025 3,80,75,617 options were in force.

7.2.3. The Federal Bank Limited Employee Stock Incentive Scheme 2023 (ESIS 2023)

Under ESIS 2023, the Nomination, Remuneration, Ethics and Compensation Committee granted 25,000 options during the year 2023-24. The options granted which are non-transferable, with vesting period of 1 to 3 years subject to standard vesting conditions, must be exercised within four years from the date of vesting. As on March 31, 2025, no option had been exercised and 25,000 options were in force.

7.2.4. The Federal Bank Limited Employee Stock Option Scheme 2023 (ESOS 2023)

Under ESOS 2023, the Nomination, Remuneration, Ethics and Compensation Committee granted 16,00,000* options during the year 2024-25. The options granted which are non-transferable, with vesting period of 1 to 4 years subject to standard vesting conditions, must be exercised within five years from the date of vesting.

Other statutory disclosures as required under Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 on ESOS are given in website of the Bank in the link: https://www.federalbank.co.in/web/guest/shareholder-information.*

** Stock Options granted to Mr. Krishnan Venkat Subramanian on 24/09/2024 was split into 2 tranches with the first being 12,00,000 Stock Option pursuant to NRC meeting dated 28/06/2025.*

7.3 Debt capital

As of March 31, 2025, the Bank has a total outstanding issued debt capital of ₹3,195 crores. This includes ₹1,695 crores in rated, unsecured, redeemable, non-convertible, Basel III compliant Tier II subordinated bonds. During the year, the Bank issued 1,50,000 units of listed, unsecured, rated, redeemable, non-convertible securities amounting to ₹1,500 crores. Also, the Bank redeemed ₹300 crores worth of Basel III compliant subordinated bonds by exercising a call option.

7.4. Capital Adequacy Ratio

The Bank's overall Capital Adequacy Ratio (CAR) under Basel III stood at 16.40 % at the end of fiscal 2025, well above the benchmark requirement stipulated by the RBI. Of this, the common equity tier I (CET I) CAR was 15.04% and tier II CAR under Basel III stood at 1.36%

8. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

8.1. Transfer of Unpaid/ Unclaimed Dividend to IEPF

Pursuant to Sections 124 and 125 of the Act read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), all unpaid or unclaimed dividends are required to be transferred by the Bank to the Investor Education and Protection Fund ("IEPF" or "Fund") established by the Central Government, after completion of seven years from the date the dividend is transferred to unpaid/unclaimed account.

As a result, the unclaimed/ unpaid dividend for the year 2016-17 amounting to ₹ 1,02,81,125 which remained unpaid and unclaimed for a period of 7 years has been already transferred by your Bank to the IEPF.

Further, the unpaid dividend amount pertaining to the financial year 2017-18 will be transferred to IEPF during the Financial Year 2025-26 within statutory timelines. Members are requested to ensure that they claim the dividends referred above before they are transferred to the said Fund. The due dates for transfer of unclaimed dividend to IEPF are provided in the report on Corporate Governance.

The Bank has uploaded the details of unclaimed/ unpaid dividend for the financial year 2017-18 onwards on its website viz., https://www.federalbank.co.in/unclaimed-dividend-warrants and on website of the Ministry of Corporate Affairs viz., www.iepf.gov.in and the same gets revised/updated from time to time pursuant to the provisions of IEPF (Uploading of Information Regarding Unpaid and Unclaimed Amount lying with Companies) Rules, 2012.

8.2. Transfer of Shares to IEPF

Pursuant to the provisions of Section 124(6) of the Act and the Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 notified by the Ministry of Corporate Affairs on September 7, 2016 and subsequently amended vide notification dated February 28, 2017, all the equity shares of the Bank in respect of which dividend amounts have not been paid or claimed by the shareholders for 7 consecutive years or more are required to be transferred to demat account of IEPF Authority. The said requirement does not apply to shares in respect of which there is a specific Order of Court, Tribunal or Statutory Authority, restraining transfer of the shares.

Upon transfer of such shares, all benefits (like dividend, bonus, split, consolidation etc.), if any, accruing on such shares shall also be credited to the Account of IEPF and the voting rights on such shares shall remain frozen till the rightful owner claims the shares. Shares which were transferred to the demat account of IEPF Authority can be claimed back by the shareholder by following the procedure prescribed under the aforesaid rules.

Accordingly, 3,66,525 number of equity shares were transferred to demat account of IEPF Authority. The Bank

had sent individual notice to all the members concerned and has also published the notice in the leading English and Malayalam newspapers.

The details of the nodal officer appointed by the Bank under the provisions of IEPF are disseminated in the website of the Bank viz., https://www.federalbank.co.in/unclaimed-dividend-warrants.

9. CAPITAL EXPENDITURE

As on March 31, 2025, the Gross Fixed Assets at cost stood at ₹ 3,151.11 Crores and net fixed assets (cost less accumulated depreciation) at ₹ 1,478.27 Crores. Fixed assets additions during the year amounted to ₹ 721.45 Crores.

10. FUTURE PROSPECTS

Building on a year of numerous milestones, your Bank, under its new leadership is poised to embark on a new 'Breakthrough phase'. By reorienting the balance sheet for greater efficiency, streamlining processes to enhance cost effectiveness and fostering a results-driven organizational mindset, your Bank expects to deliver superior outcomes in the years ahead. And in keeping with the Federal ethos, this growth will be pursued responsibly - maintaining your Bank's commitment to the environment and other stakeholders, while simultaneously enhancing value for its shareholders.

11. AWARDS AND ACCOLADES

The Bank has received several prestigious awards and recognitions from various revered institutions during the FY 2024-25, some of them are as under: –

- Fortune India ranks Federal Bank among the Top 50 Future Ready Employers of India 2025.
- Federal Bank featured in ET's list of Future Ready Organisations 2024-25 under the Large-Scale Enterprises category.
- Federal Bank is in the Top 30 Future Ready Workplaces of India Inc. by Fortune India, curated in partnership with CIEL HR.
- Federal Bank receives the prestigious award for "Leader in Digital Lending Transformation and Documentation" at the Bharat Collection and Lending Summit 2025 for the Bank's initiatives in digital lending and digital documentation
- Federal Bank wins the 'Best Bank in AI & ML Adoption' and the 'Best Bank for Financial Inclusion' at the 20th Annual IBA Technology Awards 2024. The Bank is also a runner-up in the category 'Digital Sales, Payments and Engagement'.
- Federal Bank won Gold in three categories at the prestigious Infosys Finacle Innovation Awards 2024, including Modern Technologies-led Innovation, Product Innovation & Transformation Excellence reflecting our commitment to pioneering advancements & excellence in the banking industry.
- Federal Bank has been recognised as the winner in the category of "Best in Robotic Process Automation (RPA) Implementation (Private Sector Banks)" at the 5th Annual BFSI Excellence Awards 2024.
- Feddy, the AI chat bot of Federal Bank, wins the SKOCH Silver Award for its innovative feature - Conversational Banking at the 100th SKOCH Summit.
- Federal Bank has been honoured with the award in the category "Promising - Data Quality Improvement - Commercial" at the CRIF Data Excellence Awards, 2024, in recognition of the commendable achievement in data submission to Credit Information Companies and for ensuring highest standards of data quality.
- Federal Bank wins DataShield Architect Award at the Data Innovation Awards 2025. The Data Innovation Awards 2025 recognized exceptional achievements in data, AI, cloud, sustainability, and digital transformation.
- Federal Bank has been awarded the Best CSR Project – Health Sector (Large Enterprises Category) for 'Sanjeevani' program at the KMA Green Palms Sustainability Summit 2025.
- Federal Bank wins e4M Real Time Programmatic Advertising Awards 2024 for the category 'Best Use of Programmatic for Social Good' for the #EndDependence Campaign released to celebrate Independence Day.
- Federal Bank bags 3 awards at ASSOCHAM - HR Trailblazer Awards 2023 in the categories Talent Acquisition Best Practices Award, Workplace Well-being & Mental Health Advocate Award & Learning & Development Trailblazer Award.
- Federal Bank bags two awards at the ACI South Asia Converge 2024. Operation Excellence Award among Private Sector Banks for implementing real-time blacklisting of merchants using ACI's fraud management solution PRM (ProActive Risk Manager).
- Best Customer Experience Initiative among Private Sector Banks for implementing 'ATMLendPro', which allows instant loan (BYOM) processing for customers who experience ATM withdrawal declines due to 'Insufficient Funds', based on their eligibility.
- Federal Bank's innovative product Flash Pay Smart Keychain bagged the Best Payment Experience Award at the 11th Edition Payments Reloaded Industry Awards 2024.

- Federal Bank won the award for 'Innovative HR Initiatives' in the Service Sector from Kerala Management Association (KMA) Excellence Awards 2024

12. LISTING

The Equity Shares of the Bank continue to remain listed on BSE Limited and the National Stock Exchange of India Limited. The global depository receipts of the Bank are listed on the London Stock Exchange.

13. DEPOSITS

Being a Banking Company, the disclosures relating to deposits as required under Rule 8(5)(v) & (vi) of the Companies (Accounts) Rules, 2014, read with Sections 73 and 74 of the Act, are not applicable to the Bank.

14. CREDIT RATING

The details of Credit Ratings of your Bank as on March 31, 2025, are as follows:

Instrument	Rating assigned with outlook	Rating Agency
Fixed Deposits	CRISIL AAA/Stable	CRISIL Ratings Limited
Short Term fixed deposits	CRISIL A1+	CRISIL Ratings Limited
Certificate of Deposits	CRISIL A1+	CRISIL Ratings Limited
Tier II bonds	CARE AA+/Stable	CARE Ratings Limited
Issuer Rating	CARE AA+/Stable	CARE Ratings Limited
Infrastructure Bonds	CARE AA+/Stable	CARE Ratings Limited
Tier II bonds	IND AA+/Stable	India Ratings and Research Private Limited
Infrastructure Bonds	IND AA+/Stable	India Ratings and Research Private Limited

During the year under review, Rating for fixed deposits was upgraded from AA+(Positive) to AAA(Stable).

15. ANNUAL RETURN

The Annual Return for the Financial Year ended March 31, 2025 as required under Section 92 and Section 134 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 shall be posted on the Bank's website, https://www.federalbank.co.in/shareholder-information.

16. SECRETARIAL STANDARDS

The Bank complies with all applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

17. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The provisions of the Section 186 of the Companies Act, except sub-section (1), do not apply to a loan made, guarantee given, or security provided by a banking company in the ordinary course of its business.

18. BOARD OF DIRECTORS

18.1. Appointments/Re-appointment & Cessation of Directors:

During the financial year under review and till the date of approval of this Directors' Report:

- Mr. Siddhartha Sengupta (DIN: 08467648) and Mr. Manoj Fadnis (DIN: 01087055) were appointed as Independent Directors of the Bank for a period of 5 years with effect from June 13, 2019, to hold office up to June 12, 2024 (both days inclusive). The Board of Directors of the Bank at its meeting held on March 27, 2024, recommended the reappointment of both Mr. Siddhartha Sengupta and Mr. Manoj Fadnis as Independent Directors, not liable to retire by rotation, for a second term of 3 years with effect from June 13, 2024, to June 12, 2027, subject to the approval of the shareholders of the Bank. The shareholders of the Bank subsequently have given their approval through Postal Ballot on May 18, 2024, for the re-appointment of Mr. Siddhartha Sengupta and Mr. Manoj Fadnis for a period of 3 years w.e.f June 13, 2024, to June 12, 2027.

- Mr. Shyam Srinivasan (DIN: 02274773) retired from the office of the Managing Director & CEO of the Bank at the end of September 22, 2024, on expiry of his distinguished 14 years tenure.

- Based on the Bank's application on May 06, 2024, for the appointment of new Managing Director & Chief Executive Officer of the Bank, the RBI, vide its letter dated July 22, 2024, approved the appointment of Mr. Krishnan Venkat Subramanian as the Managing Director & Chief Executive Officer of the Bank under Section 35B of the Banking Regulation Act, 1949, for a period of 3 (three) years, with effect from September 23, 2024 after the expiry of the term of Mr. Shyam Srinivasan as Managing Director & CEO on September 22, 2024. Accordingly, Mr. Krishnan Venkat Subramanian (DIN: 00031794) took charge as the Managing Director & Chief Executive Officer of the Bank with effect from September 23, 2024.

- The Board of Directors had appointed Mr. Sudarshan Sen (DIN: 03570051) as an Additional Independent Director under Section 161 of the Companies Act, 2013 vide Circular Resolution approved on February 11, 2020. Mr. Sudarshan Sen was then appointed as an Independent Director of the Bank pursuant to Section 149 of the Companies Act, 2013 ("the Act") read with Companies

(Appointment and Qualification of Directors) Rules, 2014, the SEBI Listing Regulations, Section 10A and other applicable provisions of the Banking Regulation Act, 1949, by the Shareholders at the 89th Annual General Meeting of the Bank held on July 16, 2020 to hold office for a period of five (5) years with effect from February 11, 2020. Accordingly, the first term of Mr. Sudarshan Sen was completed on February 10, 2025.

During the year Nomination, Remuneration, Ethics and Compensation Committee ("the Committee" or "NRC") of the Board of Directors of the Bank (the "Board") discussed the performance evaluation of Mr. Sudarshan Sen (DIN: 03570051) and considering his knowledge, acumen, expertise, experience and substantial contribution and time commitment, approved and recommended his reappointment as an Independent Director for the second term of 3 years effective from February 11, 2025, to February 10, 2028. Pursuant to the recommendation of the NRC vide circular resolution dated October 09, 2024, the Board at its meeting held on October 10, 2024, recommended the re-appointment of Mr. Sudarshan Sen as an Independent Director of the Bank for the second term of 3 (Three) years effective from February 11, 2025, to February 10, 2028 (both days inclusive), subject to the approval of the members of the Bank.

The shareholders of the Bank subsequently have given their approval through Postal Ballot on November 30, 2024, for the re-appointment of Mr. Sudarshan Sen for a period of 3 years effective from February 11, 2025, to February 10, 2028.

- The Board at its meeting held on April 4, 2025, inter alia, considered, noted, and accepted the resignation of Ms. Shalini Warrier (DIN: 08257526). Subsequently, Ms. Shalini Warrier, Executive Director was relieved from her services as an Executive Director with effect from the closing business hours on May 23, 2025.
- Mr. Venkatraman Venkateswaran was appointed as the Executive Director on the Board of the Bank with effect from July 10, 2025 as per RBI approval letter DoR.GOV. No. 2798/08.38.001/2025-26 dated July 09, 2025. The appointment of Mr. Venkatraman Venkateswaran is subject to approval of shareholders at the ensuing Annual General Meeting.

In accordance with the provisions of the Act and the Articles of Association of the Bank, Mr. Harsh Dugar (DIN:00832748) Executive Director the Bank, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible have offered himself for re-appointment.

The Board is of the opinion that the independent directors appointed on the Board possesses necessary integrity, expertise and experience (including the proficiency).

Necessary information pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of directors to be appointed and re-appointed at the ensuing Annual General Meeting are given in the Annexure to the Notice convening the 94th Annual General Meeting.

None of the Directors of your Bank are disqualified for being appointed as directors, as specified in Section 164(2) and Rule 14(1) of Companies (Appointment and Qualification of Directors) Rules, 2014.

18.2. Key Managerial Personnel

The details of the Key Managerial Personnel of the Bank as on March 31, 2025, is as follows:

- Mr. Krishnan Venkat Subramanian* – Managing Director & Chief Executive Officer.
- Ms. Shalini Warrier** – Executive Director
- Mr. Harsh Dugar – Executive Director
- Mr. Venkatraman Venkateswaran*** - Chief Financial Officer
- Mr. Samir P Rajdev – Company Secretary

During the year, Mr. Shyam Srinivasan (DIN: 02274773) retired from the office of the Managing Director & CEO of the Bank w.e.f. the closing business hours of September 22, 2024, on expiry of his distinguished 14 years term.

*Mr. Krishnan Venkat Subramanian (DIN: 00031794) was appointed as the Managing Director & Chief Executive Officer of the Bank with effect from September 23, 2024.

** Ms. Shalini Warrier, Executive Director, (DIN: 08257526) resigned as an Executive Director with effect from the closing business hours on May 23, 2025.

*** Mr. Venkatraman Venkateswaran was appointed as the Executive Director on the Board of the Bank with effect from July 10, 2025 as per RBI approval letter DoR. GOV.No. 2798/08.38.001/2025-26 dated July 09, 2025. The appointment of Mr. Venkatraman Venkateswaran is subject to approval of shareholders at the ensuing Annual General Meeting.

18.3. Declaration by Independent Directors

The Bank has received declaration from all the Independent Directors that they continue to meet the criteria of independence as provided under the Companies Act, 2013 (the Act) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and comply with the Code for Independent Directors as specified under Schedule IV of the Act. In terms of the Companies (Creation and Maintenance of databank of Independent Directors) Rules, 2019 read with the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, the Independent Directors of the Bank has enrolled his/ her name in the online databank of Independent Directors maintained by the Government.

The Independent Directors have also confirmed that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence.

In the opinion of the Board, the Independent Directors are persons of high repute, integrity and possess the relevant expertise and experience in their respective fields. They fulfil the conditions specified in the Act and the Rules made thereunder and are independent of the Management.

19. BOARD COMMITTEES

Detailed composition of the mandatory Board committees namely Audit Committee, Credit Investment & Raising Capital Committee, Risk Management Committee, Nomination Remuneration, Ethics & Compensation Committee, Stakeholders Relationship Committee, Customer Service, Marketing Strategy and Digital Banking Committee, Special Committee of the Board for monitoring and follow up of cases of frauds, Information Technology & Operations Committee, HR Committee, CSR Committee and the Review Committee of the Board on identification of Wilful Defaulters, its number of meetings held during the year under review and other related details are set out in the Corporate Governance Report which forms part of this Report. There have been no situations where the Board has not accepted any recommendation of the Audit Committee.

20. POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Bank has formulated and adopted a comprehensive 'Compensation Policy' for its Directors, Key Managerial Personnel and Employees, in terms of relevant provisions of the Companies Act, 2013 read with the rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the guidelines/ circulars issued by the RBI, in this regard, from time to time. The Compensation Policy is reviewed annually. In line with this practice, the Policy was reviewed by the Board based on the recommendation of the Nomination, Remuneration, Ethics, and Compensation Committee to ensure alignment with applicable regulatory requirements.

The criteria for 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 https://www.federalbank.co.in/shareholder-information.

The Bank affirms that the remuneration paid to its directors is in accordance with the provisions of the aforementioned Policy and is fully compliant with the relevant regulatory guidelines.

21. BOARD EVALUATION

In accordance with relevant provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and SEBI Guidance Note on Board Evaluation, the Board has carried out an annual performance evaluation of its own performance and of the directors individually, as well as the evaluation of the working of its various Committees for the year under consideration.

The evaluation process was initiated by putting in place, a structured questionnaire after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning, such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations, and governance.

Thereafter a separate exercise was carried out in digital mode using a board evaluation software to evaluate the performance of individual Directors, including the Chairman of the Board, who were evaluated on specified parameters. The performance evaluation of the Independent Directors was carried out by the entire Board, other than the Independent Director concerned. The performance evaluation of the Chairman and the Non-Independent Directors were carried out by the Independent Directors. The Directors expressed their overall satisfaction with the evaluation process.

21.1. Parameters for the evaluation of the Board and Board Committees include various aspects, such as

21.1.1. Board

- If Board is of appropriate size and has the appropriate balance and diversity of background, business experience, industry knowledge, skills and expertise in areas vital to the Bank's success, representing sectors laid down by the regulators, given its current and future position.
- New Board members participate in an orientation program to educate them on the organization, their responsibilities, and the organization's activities, the Board encourages a culture that promotes candid communication.
- The Board oversees management's procedures for enforcing the organization's code of conduct, Action Taken Reports on the discussion/directions of the Board are submitted at regular intervals to the Board.
- The Board oversees risk management through inputs from the Risk Management Committee
- The Board considers the quality and appropriateness of financial reporting, including the transparency of disclosures.
- The Board ensures compliance with the relevant provisions of the Companies Act and other regulatory provisions as applicable to the Bank.
- The Board oversees the compliance processes.
- The Board views the organization's performance from the competitive perspective - industry and peers' performance, industry trends and budget analysis and with reference to areas where significant differences are apparent etc.
- The Board ensures compliance with the relevant provisions of the Companies Act and other regulatory provisions as applicable to the Company.

- The Board has defined an effective Code of Conduct for the Board and Senior Management
- Whether the Board monitors and manages potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions.

21.1.2. Board Committee

- The Committee Terms of Reference and composition continue to be appropriate.
- The mandate, composition and working procedures of committees of the Board of Directors is clearly defined and disclosed.
- Committee meetings are organized properly in number, timing and location.
- The Committee is effective in carrying out its mandate.
- The Committee members receive adequate material in advance of Committee meetings, in sufficient time and detail to permit members to effectively consider issues to be dealt with
- The Committee allocates the right amount of time for its work.
- Whether the Committee has fulfilled its functions as assigned by the Board and laws as may be applicable.
- Whether adequate independence of the Committee is ensured from the Board.
- Whether the Committee's recommendations contribute effectively to decisions of the Board.

21.2. Parameters for the evaluation of Directors include various aspects, such as,

21.2.1. Independent Directors

- Attendance at the Board and Committee meetings
- Study of agenda in depth prior to meeting and active participation at the meeting
- Contributes to discussions on strategy as opposed to focus only on agenda.
- Participate constructively and actively in the Committees of the Board in which they are Chairpersons or Members
- Exercises his skills and diligence with due and reasonable care and brings an independent judgement to the Board.
- Knowledge and Competency: i) How the person fares across different competencies as identified for effective functioning of the entity and the Board ii) Whether the person has sufficient understanding and knowledge of the entity and the sector in which it operates.
- The Director remains abreast of developments affecting the company and external environment in which it operates independent of his being apprised at meetings.
- Whether person is independent from the entity and the other directors and there are no conflict of interest
- Whether the person demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.)

21.2.2. Chairperson

- Works effectively with the Board as a whole.
- Ability to elicit inputs from all Board Members and steer the discussions to a logical conclusion.
- Works with the Board and directs the management for creating an effective process for long-range or strategic planning for the Company.
- Whether the Chairperson displays efficient leadership, is open-minded, decisive, courteous, displays professionalism, able to coordinate the discussion, etc. and is overall able to steer the meeting effectively.
- Whether the Chairperson is able to keep shareholders' interest in mind during discussions and decisions.
- Whether the Chairperson is impartial in conducting discussions, seeking views and dealing with dissent, etc.
- Handling of critical situations concerning the Bank.
- Thinks strategically to promote growth, improve financial performance and gain competitive advantage.
- Understands financial planning, budgeting and management of the organization's investments and overall organization financial perspective.

21.2.3. MD & CEO and Executive Directors

a. Quantitative Targets:

- Achievements of performance against targets set.

b. Qualitative Targets:

- Apprises the Board regarding the organization's financial position and operational budget so as to enable the Board to make informed financial decisions.
- Provides Leadership in developing strategies and organizational plans with the management and the Board of Directors
- Ensures that the Board is kept informed about all issues concerning the Bank.
- Media interaction and ability to project positive image of the Company.
- Effectively pursues the performance goals in relation to mission and objective of the organization.
- Motivating employees, providing assistance & directions and supervising & safeguard of confidential information.

- Establishment of internal control processes, monitoring policies and encouraging suggestions.
- Cultivates effective Relationship with Industry Foras, Community and business leaders and Regulatory Bodies and Public Officials.
- Ensures compliance with all legal and regulatory requirements.
- Undertaking of various Developmental initiatives within the organisation.
- Compliance with ethical standards & code of conduct and exercising duties diligently.

21.3. Assessment of Flow of Information

The agenda and related information are circulated in advance of meetings to allow board members sufficient time to study and understand the information, Information on the annual operating plans and budgets and other updates are provided to the Board; Updates on operating results of the Bank is furnished to the Board, periodically etc. Update on the compliance with the regulatory, statutory or listing requirements are placed before the Board.

22. FAMILIARIZATION PROGRAMMES FOR INDEPENDENT DIRECTORS

The details of familiarization programmes are disclosed on the Bank's website, www.federalbank.co.in/shareholder-information.

23. ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) PRACTICES

The Bank recognizes the growing importance stakeholders assign to ESG practices and is always in the forefront to adopt the best practices. Details of the ESG initiatives undertaken by the Bank during the Financial Year is included in the Annual report as part of the ESG section/ Business Responsibility and Sustainability Report.

24. CORPORATE SOCIAL RESPONSIBILITY

The Bank has been formally undertaking Corporate Social Responsibility (CSR) activities well before the introduction of provisions related to CSR under Companies Act, 2013. With the introduction of Section 135 of the Act making CSR mandatory, the Bank extended its ambit of activities to undertake interventions in identified areas by the Bank or indirectly through its trust. Our founder's values & ethos based on trust got embedded in the Bank's policies & principles. CSR in the Bank began with the first act of cultivating banking habits in the agrarian society to effectively utilize idle money for productive purposes.

Pursuant to the provisions of Section 135 of the Act, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (CSR Rules), as amended, the Bank has constituted the CSR Committee of the Board.

The Bank has constituted and adopted a CSR policy which provides the focus areas (in accordance with Schedule VII of the Act) under which various developmental initiatives are undertaken.

The details of the CSR initiatives undertaken during the financial year ended March 31, 2025, and other details required to be given under section 135 of the Companies Act, 2013 read with rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in **Annexure A** forming part of this Report.

25. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In compliance with Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, separate Section on Management Discussion and Analysis, as approved by the Board, which includes details on the state of affairs of the Bank, forms part of this Annual Report.

26. BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

In terms of Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Business Responsibility and Sustainability Report (BRSR) is mandatory for the top 1000 listed companies, based on market capitalization. The disclosure requirement in BRSR is based on National Guidelines on Responsible Business Conduct Principles, which is divided into 2 (two) parts i.e. Essential Indicators (to be reported on a mandatory basis) and Leadership Indicators (to be reported on a voluntary basis).

Further, Securities and Exchange Board of India vide Circular with ref no. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 dated 12th July, 2023, based on the recommendations of the ESG Advisory Committee and pursuant to public consultation, introduced the BRSR Core which is a sub-set of the BRSR, consisting of a set of Key Performance Indicators (KPIs) / metrics under 9 ESG attributes.

The Bank has provided BRSR, which indicates the Bank's performance against the principles of the 'National Guidelines on Responsible Business Conduct'. This would enable the Members to have an insight into environmental, social and governance initiatives of the Bank.

27. CORPORATE GOVERNANCE

The Bank believes that Corporate Governance derives from value system, best management practices, adherence of ethical standard, encompassing its culture, its policies, and its relationships with the stakeholders. Your Bank is committed to achieving and adhering to the highest Corporate Governance standards and has been an integral part of its business. Integrity, transparency, and accountability are the important ingredients of Corporate Governance. The Bank gives importance to uphold the integrity of every transaction which it enters into and the honesty in its internal conduct would be evaluated by stakeholders.

Pursuant to Regulation 34 of the SEBI Listing Regulations, a separate section i.e., 'Report on Corporate Governance' has been annexed to this Annual Report along with the certificate issued by the Secretarial Auditor of the Bank confirming compliance with the mandatory requirements relating to Corporate Governance under the SEBI Listing Regulations. The corporate governance framework of the Bank incorporates all the mandatory requirements as prescribed in the SEBI Listing Regulations.

The Bank also submits with the Stock Exchanges, the quarterly Report on Corporate Governance in terms of Regulation 27(2) of the SEBI Listing Regulations. The said Reports are available on the Bank's website viz., URL: https://www.federalbank.co.in/shareholder-information

28. RELATED PARTY TRANSACTIONS

Pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no related party transactions to be reported under Section 188(1) of the Act and Form AOC-2 is not applicable to the Bank. During the year under review, your Bank has not entered any materially significant transaction with its related parties, which could lead to a potential conflict of interest between the Bank and these parties.

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 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 www.federalbank.co.in/our-commitments.

The details of related party transactions are provided in the notes forming part of the standalone financial statements and the consolidated financial statements.

29. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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 in achieving 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 RBI Circular on 'Concurrent Audit System'. Audit and Inspection Policy is reviewed annually. Policy is reviewed considering changes in the 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. Risk based Audit framework is reviewed in line with the present business model and industry best practices. At the enterprise level, the Internal 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 Internal Audit Department as Chief Internal Auditor of the Bank. Chief Internal Auditor of the Bank directly reports to the Managing Director & CEO of the Bank. Audit Committee of the Board reviews the adequacy and effectiveness of the Internal Audit Function. The Bank has various types of audits which inter-alia include Risk Based Internal Audit, Information System Audit, Third Party Risk Audit, Offsite Audit (audit through use of technology and data analysis), Concurrent Audit, Gold Loan Audit and Management Audit. Branches / Departments are risk rated and the frequency of Risk Based Internal Audit / Management Audit is decided based on the Risk Rating of the unit. Significant Audit findings and observations are presented to Internal Audit Review Committee of Executives and a report on the meetings of Internal Audit 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 'Internal Audit Department Review Committee' for review and its observations are placed before Internal Audit 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. Internal 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.

30. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy and technology absorption pursuant to Section 134 (3) (m) of the Companies Act, 2013 read with the Rule 8 (3) of the Companies (Accounts) Rules, 2014, is mentioned below.

Your Bank has undertaken various initiatives for the conservation of energy and have taken efforts to contribute to low carbon economy. Details of the same are available in the Business Responsibility and Sustainability Report of the Bank which is part of the Annual Report of the Bank and is also available on the Bank's website https://www.federalbank.co.in/shareholder-information

Your Bank is also using better technology to improve energy efficiency, recycling and generating energy from renewable sources. Details of the same are available in the Business Responsibility and Sustainability Report of the Bank which is part of the Annual Report of the Bank and is also available on the Bank's website https://www.federalbank.co.in/shareholder-information

Foreign Exchange earnings and outgo are part of the normal banking business of the Bank.

31. TECHNOLOGY AND DIGITAL UPDATES AND MEASURES TAKEN IN IT GOVERNANCE, INFORMATION SECURITY, IT AUDIT, IT OPERATIONS, IT SERVICES OUTSOURCING

31.1. Technology and Digital updates

IT provides the strong foundation that enables your Bank to grow extensively and gain market share. In the following paragraphs, we provide more details of the entire governance structure over IT, with focus on information security.

IT governance comprise processes that ensure the effective and efficient use of IT in enabling our organization to achieve its goals. It is an integral part of corporate governance and consists of the organizational structures, leadership and process that ensure IT sustains and extends the organization's strategy and objectives.

The governance of IT is effectively supervised by the Board of Directors through the IT & Operations Sub-Committee consisting of minimum three Directors with at least one Independent Director. All members of the Committee have extensive experience in IT & Operations and are able to provide effective guidance and direction to the management team.

Executive Level Committee which oversees the IT governance function include the Operations Risk Management Committee (ORMC), the Information Security Committee (ISC), the IT Steering Committee (ITSC) and the Project Steering Committee (PSC).

Your Bank has a well-defined Information System Security Policy and a Cyber Security Policy. The effective implementation of these policies is supervised by the Information Security Committee and by the IT & Operations Committee of the Board.

Your Bank keeps updating the technology infrastructure and software to stay current in the market. These upgrades are done after proper testing and trials. Increasingly, Artificial Intelligence (AI) and Machine Learning (ML) are being integrated to personalize customer experience, detect fraud, automate routine processes and provide predictive insights for better decision making.

In recognition of the need for enhanced systems security, your Bank conducts a wide range of system audits, using internal and external auditors. These range from the quarterly Vulnerability Assessments (VA) and Penetration Testing (PT) to concurrent audits to an annual end to end audit of IT infrastructure. All the applications, both web based, and mobile based apps exposed to internet are subjected to external penetration testing (PT) before releasing to use.

Bank has deployed best in the class infrastructure to provide availability of service to users and customers without fail. The installed infrastructure is tested for its reliability and robustness by periodic audits. In addition, periodic Disaster Recovery Tests are conducted to ensure the ability to move to the Disaster Recovery infrastructure in the event of downtime in the main production capability.

More details on digital initiatives of the Bank are available in the Management Discussion and Analysis Report, forming part of this Annual Report.

32. BUSINESS RISK MANAGEMENT

The Bank's Risk Management framework is based on a clear understanding of various risks, robust risk assessment and measurement procedures and constant monitoring. The Board of Directors oversees all the risks assumed by the Bank. Specific Committees are constituted to facilitate focused oversight of various functions. The Risk Management Committee of the Board sets the standards and governs the risk management functions, thereby bringing in a top to down focus on risk management. The Risk Management Committee of the Board reviews all risk management policies of the Bank. The Committee reviews the Risk Appetite framework, Internal Capital Adequacy Assessment Process (ICAAP) and Stress testing. The Committee oversees setting up of risk limits and exposure ceilings, implementation of Basel III guidelines and the activities of the executive level risk management committees. The Committee assesses the level and direction of major risks pertaining to credit, market, liquidity, operational, reputation, technology, information security, compliance and capital as a part of the risk dashboard. In addition, the Committee oversees risks of subsidiaries covered under the Group Risk Management Framework.

The Risk Management Policies approved by the Board of Directors and reviewed from time to time with updated regulatory and internal guidelines form the governing framework for each type of risk.

The Integrated Risk Management Department of the Bank co-ordinates and administers the risk management functions in the Bank. The Department has four divisions for managing the main risk streams, Credit risk, Market risk, Operational risk and Information Security Division. Dedicated teams within the divisions are responsible for assessment, monitoring and reporting of various material risks. Default risk and asset quality of loan portfolio are monitored and managed by the Credit Risk Division. Market Intelligence Unit (MIU) formed for the purpose of monitoring large value accounts is linked to Credit Risk Division. The Bank has established an independent Mid Office as part of Market Risk Division for monitoring and management of risks in Bank's Treasury portfolios. A dedicated ALM team manages the liquidity risk and interest rate risk. A dedicated E&S/ESG team is also established as part of the Integrated Risk Management Department. Operational Risk Management, Business Continuity Management, Third Party Risk Management are taken care by Operational Risk Division. Governance, Risk and Compliance related to Information Security and Security Event Management is handled by Information Security Division. All the divisions are independent of business operations and coordinate with representatives of the business units to implement the Bank's risk management Policies and frameworks. Executive level risk management Committees namely, Credit Risk Management Committee, Asset Liability Management Committee, E&S Committee, Operational Risk Management Committee and Information Security Committee regularly assess the respective risks and direct corrective actions wherever required. The risk management functions are coordinated by a Senior Executive designated as Chief Risk Officer who reports directly to the Managing Director & CEO. All material risks of the Bank emerging in the course of its business are identified, assessed and monitored in the Internal Capital Adequacy Assessment Process (ICAAP). In our view, all the material risks of the Bank are identified, assessed and managed adequately.

33. AUDITORS

33.1. STATUTORY AUDITORS

As mandated by RBI guidelines for Entities with asset size of ₹ 15,000 crore and above as at the end of the previous year, the Statutory Audit of the Bank shall be conducted under joint audit of a minimum of two audit firms (Partnership firms / Limited Liability Partnerships (LLPs)).

The Shareholders in the 92nd Annual General Meeting held on August 18, 2023, approved the appointment M/s. Suri & Co, Chartered Accountants (Registration No. 004283S), Chennai, together with M/s. MSKA & Associates, Chartered Accountants (Registration No. 105047W), Mumbai for a period of three (3) years as Joint Statutory Auditors of the Bank from the conclusion of 92nd AGM till the conclusion of 95th AGM respectively.

As per the requirement of the Companies Act, 2013, M/s. Suri & Co, Chartered Accountants and M/s. MSKA & Associates, Chartered Accountants have confirmed that their appointment if made would be within the limits specified under Section 141(3) (g) of the Act and they are not disqualified to be appointed as statutory auditor/s in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

RBI vide letter Ref CO. DOS. RPO. No. S4045/08.09.005/2024-25 dated August 27, 2024, had granted approval for appointment of M/s Suri & Co, Chartered Accountants (FRN 004283S) and M/s. MSKA & Associates, Chartered Accountants (FRN 105047W) as the Joint Statutory Auditors of the Bank, for the FY 2024-25 for their second year.

As required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, M/s. Suri & Co, Chartered Accountants (Registration No. 004283S), Chennai, and M/s. MSKA & Associates, Chartered Accountants (Registration No. 105047W), Mumbai have confirmed that they hold a valid certificate issued by the Peer Review Board of ICAI.

There is no qualification or adverse remark in Auditors' Report. There were some incidents of fraud requiring reporting by the Auditors under Section 143(12) of the Act.

33.2. SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of The Companies Act, 2013, your Bank has appointed M/s. M Damodaran & Associates LLP, Company Secretaries, Chennai as Secretarial Auditor to conduct Secretarial Audit of the Bank for the FY 2024-25. Accordingly, the Secretarial Audit Report for FY 2024-25 is annexed to this report as **Annexure B**. The Audit Report issued by the Secretarial Auditors for the said FY form part of this Report which is self-explanatory.

No offence of fraud was reported by the Secretarial Auditor of the Bank.

Pursuant to Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated July 11, 2023, the Bank has obtained Secretarial Compliance Report, certified by CS M. Damodaran, M/s M Damodaran & Associates LLP for Financial Year ended March 31, 2025, on compliance of all applicable SEBI Regulations and circulars/ guidelines issued thereunder and the copy of the same was submitted with the Stock Exchanges.

Further as per Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Bank at its ensuing AGM proposes the appointment of M/s SEP & Associates, Kochi (ICSI Unique Code:P2019KE075600). Peer Reviewed Practising Company Secretaries, as the Secretarial Auditor of the Bank for a period of 5 years (First Term) with effect from FY 25-26 to FY 29-30.

34. WHISTLE BLOWER POLICY/ VIGIL MECHANISM

The Bank has a robust Fraud Risk Management Framework which provides guidance on managing the Fraud Risk. Cases detected / reported are investigated and appropriate process refinements and systemic corrections are implemented to avert similar incidents in future.

Various mitigation measures and surveillance mechanisms are employed to combat both internal and external frauds. Regular sensitization programs for employees and the public on various frauds and prevention techniques foster an atmosphere of vigilance.

The Preventive Vigilance Workshop, curated by the Vigilance Department, elucidates the gaps exploited by fraudsters to perpetrate frauds against Banks. This program also imparts strategies to avert such frauds. Additionally, Fraud Prevention Committee meetings are regularly conducted at branches to familiarize employees with the various modus operandi of trending frauds and their preventive measures. Annual Preventive Vigilance Audits are conducted in identified branches based on risk rating.

The Bank is committed to raising public awareness about financial frauds through multiple communication channels, including SMS, emails, posters at branches, ribbon messages on the Bank's website, and the internet banking webpage. Special emphasis is placed on cyber fraud awareness. The "Twice is Wise" cybersecurity campaign, launched in 2020, serves as a friendly reminder to remain vigilant against cyber frauds. This nationwide initiative educates citizens about cyber safety and underscores the importance of staying smart to combat financial crimes. Posters and videos cautioning the public about novel fraud incidents are disseminated through social media handles, TV channels, web channels, and more.

The Bank has implemented a robust Whistle Blower Policy, known as the Protected Disclosure Scheme (PDS). This policy underscores our commitment to maintaining the highest standards of ethics and integrity in all our operations and aims to establish an effective vigil mechanism within the Bank to identify and address aberrations at the earliest. It serves as a robust mechanism through which directors, employees, employee representative bodies, customers, other stakeholders, non-governmental organizations (NGOs), and members of the public can report any unethical practices or concerns. The policy guarantees confidentiality and protection to the whistleblower against any personal vindictive actions such as humiliation, retaliation, harassment, or any other form of unfair treatment. A dedicated email ID is provided for sending complaints or disclosures under PDS. The PDS policy is available on the Bank's website and Intranet - https://www.federalbank.co.in/documents/10180/45777/Whistle+Blower+policy+or+PDS.pdf/558aea51-1335-4546-9c9a-28c5030377a1?t=1719555373881

35. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the financial year under review, the Bank has not received any significant or material orders passed by any Regulatory Authority, Court or Tribunal which shall impact the going concern status and Bank's operations in future.

36. PARTICULARS OF EMPLOYEES

In terms of Section 136 of the Companies Act, 2013, the copy of the financial statements of the Bank, including the consolidated financial statements, the auditor's report and relevant annexures to the said financial statements and reports are being sent to the Members and other persons entitled thereto, excluding the information in respect of the employees of the Bank containing the particulars as specified in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5 (2) of the said Rules is available on the website: https://www.federalbank.co.in/shareholder-information.

The ratio of the remuneration of each Director to the median remuneration of the employees of the Bank and other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming part of this report as **Annexure C**.

37. INTERNAL COMPLAINTS COMMITTEES [INFORMATION UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013]

The Bank had constituted Internal Complaints Committee, as per letter and spirit contained in the provisions of "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013", at 9 Zones and Head Office to prevent and redress the complaints relating to sexual harassment and to organize workshops/ awareness programs to empower women employees while handling cases relating to sexual harassment. Workshops/ awareness programs regarding women empowerment were conducted at various locations pan India. The data with regard to the redressal of complaints by the Internal Complaints Committee are as follows:

No. of complaints received for the year FY-2024-25	2
No. of complaints disposed of during FY -2024-25	2
No. of cases pending for more than 90 days	0
No. of workshops/ awareness program against sexual harassment carried out	14
Nature of action taken by the employer/ District Officer	Appropriate action taken

38. COMPLIANCE WITH RESPECT TO THE PROVISIONS OF MATERNITY BENEFIT ACT,1961

The Bank is in compliance with the provisions of Maternity Benefit Act,1961. More details are available in the Business Responsibility and Sustainability Report of the Bank which is part of the Annual Report of the Bank and is also available on the Bank's website https://www.federalbank.co.in/shareholder-information.

39. THE DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016)

As per section 3(7) of The Insolvency and Bankruptcy Code, 2016, Corporate person does not include any financial service provider, thereby the Bank is excluded from the purview of the Code. There have been several applications made or are pending in the name of the Bank as a Financial creditor against any default occurred as part of the course of business. The particulars of the corporate debtor and claim value is annexed to this report as Annexure D.

40. POLICY ON BOARD DIVERSITY

Policy on Board Diversity of the Bank mainly depends on the qualifications for appointment of Directors of the Bank as contained in the Banking Regulation Act, 1949 and satisfying the Fit and Proper Criteria for directors as per the regulatory requirement of RBI.

The Bank continuously seeks to enhance the effectiveness of its Board and to maintain the highest standards of corporate governance and recognizes and embraces the benefits of diversity in the boardroom. Diversity is ensured through consideration of a number of factors, including but not limited to skills, regional and industry experience, background and other qualities. In forming its perspective on diversity, the Bank also takes into account factors based on its own business model and specific needs from time to time.

Board Diversity enhances the quality of performance of the Board; ushers in independence in the performance of the Board; eradicates the gender bias in the Board; achieves sustainable and balanced performance and development; supports the attainment of strategic objectives & also ensures compliance of applicable law/s and good corporate practices.

Nomination, Remuneration, Ethics and Compensation Committee has the responsibility for leading the process for Board appointments and for identifying and nominating, for approval by the Board, candidates for appointment to the Board. The benefits of diversity continue to influence succession planning and continue to be the key criteria for the search and nomination of directors to the Board. Board appointments will be based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board, including gender. While making Board appointments, the regulatory requirements for appointment of at least one-Woman Independent Director on the Board of the Bank is also considered.

41. DIRECTOR'S RESPONSIBILITY STATEMENT

To the best of our knowledge and belief and according to the information and explanations obtained to us, the Directors make the following statements in terms of Section 134 (3) (c) of the Companies Act, 2013:

i. that in the preparation of the annual financial statements for the year ended March 31, 2025, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

ii. that such accounting policies as mentioned in the Notes to the Financial Statements have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank as at March 31, 2025, and of the profit of the Bank for the year ended on that date;

iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;

iv. that the annual financial statements have been prepared on a going concern basis;

v. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;

vi. that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively;

42. GENERAL

Your directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- Neither the Managing Director nor the Whole-time Directors of the Bank received any remuneration or commission from any of its subsidiaries.
- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- There were no revisions in the financial statements.
- Issue of share (including sweat equity shares) to employees of the Company under any scheme as permitted under any provision of Companies Act, 2013 except Employee Stock Option Scheme (ESOS) as mentioned elsewhere in the Directors' Report.
- The Bank is not required to maintain cost records as specified by the Central Government under section 148(1) of the Companies Act, 2013.
- The requirement to disclose the details of difference between amount of the valuation done at the time of onetime settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof, is not applicable.

43. ACKNOWLEDGEMENT

The Board of Directors extends its heartfelt appreciation to every member of the Federal family for their unwavering dedication, hard work, and commitment. The Bank's accomplishments this year underscore the collective dedication and high standards consistently demonstrated by its people.

The Board also takes this opportunity to express its sincere gratitude to the Government of India, the Reserve Bank of India, various State Governments, and regulatory authorities both in India and abroad for their continued guidance, support, and cooperation. We are equally thankful to Investment Banks, Rating Agencies, and Stock Exchanges for their steadfast support.

We remain deeply grateful to our esteemed customers and all well-wishers for their continued trust and patronage.

Above all, to you—our valued shareholders—we express our profound gratitude for the enduring confidence and faith you have placed in us.

For and on behalf of the Board of Directors of
The Federal Bank Limited

Sd/-
Mr. Abhaya Prasad Hota
Chairman of the Board
(DIN - 02593219)

Date: 30.07.2025
Place: Aluva

Annexure A

Annual Report on Corporate Social Responsibility Activities

[Pursuant to Section 135 of the Companies Act, 2013 ("the Act") read with the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. A brief outline of the Company's CSR policy, including overview of projects or programs undertaken and a reference to the web-link to the CSR Policy and Projects or Programs:

Corporate Social responsibility (CSR) has always been a key component of the operating philosophy of the Federal Bank Limited (hereinafter referred to as "the Bank"), as evidenced by the activities of the public charitable trust, set up by the Bank in 1996, in the fond memory of its Founder Shri. K. P. Hormis and the voluntary adoption of a formal Policy on CSR by the Bank in 2011. Federal Bank Hormis Memorial Foundation, a charitable trust set up by the Bank in 1996, in the fond memory of its Founder Shri. K. P. Hormis is the Special Purpose Vehicle to undertake CSR activities of the Bank.

The Bank has a Corporate Social Responsibility (CSR) Policy which is approved by the Board of Directors of the Bank, as mandated by Companies Act, 2013. The Policy elucidates in detail on the CSR Vision, the Committee and the CSR projects & activities of the Bank through the focus areas as notified under Section 135 of the Companies Act 2013, Companies (Corporate Social Responsibility Policy) Rules 2014 and objectives of the Federal Bank Hormis Memorial Foundation as mentioned in the trust deed.

As mandated by the amendments in CSR Rules, 4(2)(a), 2014 Federal Bank Hormis Memorial Foundation has been registered for undertaking CSR activities and the Registration number is CSR00006299.

The projects undertaken are within the broad framework of Schedule VII of the Companies Act, 2013. Details of the CSR policy and projects or programs undertaken by the Bank are available on links given below:

CSR Policy: https://www.federalbank.co.in/documents/d/guest/csr-policy-of-the-bank-for-fy-2024-2025

CSR Page Link: https://www.federalbank.co.in/corporate-social-responsibility

2. Composition of the CSR Committee:

Sl. No	Name of Director	Designation / Nature of Directorship	Number of Meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Sankarshan Basu	Chairperson (Independent Director)	2	2
2.	Mr. Shyam Srinivasan*	Member (Managing Director & Chief Executive Officer)	2	1
3.	Mr. Krishnan Venkat Subramanian**	Member (Managing Director & Chief Executive Officer)	2	1
4.	Ms. Shalini Warrier	Member (Executive Director)	2	2
5.	Mr. Harsh Dugar	Member (Executive Director)	2	2

** Mr. Shyam Srinivasan ceased to be a member of the Committee consequent to his retirement from the Board of the Bank upon completion of his term as Managing Director & Chief Executive Officer w.e.f. 22.09.2024.*

*** Mr. Krishnan Venkat Subramanian was inducted as a Member of the Committee upon his appointment as Managing Director & Chief Executive Officer of the Bank w.e.f. 23.09.2024.*

3. Provide the web-link where composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the company:

Sr. No.	Particulars	Web-Links
1.	Composition of CSR Committee	https://www.federalbank.co.in/documents/10180/855596574/Composition+of+various+Committees+of+the+Board+w.e.f+May+24%2C+2025.pdf/c8fafa45-cdc0-6cfd-c4ad-ac69a4b4975b?t=1748244415188
2.	CSR Policy	https://www.federalbank.co.in/documents/d/guest/csr-policy-of-the-bank-for-fy-2024-2025
3.	CSR Projects	https://www.federalbank.co.in/corporate-social-responsibility

4. Executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8

We have conducted impact assessment of the below-mentioned Projects

"Speak for India 2023-24"

Impact assessment reports of above CSR projects are available in https://www.federalbank.co.in/documents/d/guest/final-report-speak-for-india_impact-assessment-10102024

5. a. Average net profit of the Company as per sub-section (5) of Section 135: **₹ 37,74,26,61,122.24/-**

b. Two percent of average net profit of the Company as per sub-section (5) of section 135: **₹ 75,48,53,222.44/-**

c. Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: **NIL**

d. Amount required to be set off for the financial year, if any: **NIL**

e. Total CSR obligation for the financial year [(b)+(c)-(d)]: **₹ 75,48,53,222.44/-**

6. a. Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹ **70,54,39,503.92/-***

** (Includes Spend of Unspent FY21-22-₹ 33,58,369.00+ Spend of Unspent 22-23-₹ 2,51,29,176.92 & Spend of Unspent 23-24 -₹ 9,96,25,816.00)*

b. Amount spent in Administrative Overheads: **₹ 1,98,245.84/-**

c. Amount spent on Impact Assessment, if applicable: **₹ 32,39,612.00/-**

d. Total amount spent for the Financial Year [6(a)+6(b)+6(c)]: **₹ 70,88,77,361.76/- ****

***(Spend FY 24-25 + Spend of Unspent FY21-22 + Spend of Unspent 22- 23 + Spend of Unspent 23-24)*

e. CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6) of the Act		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5) of the Act		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
₹ 70,88,77,361.76/-*	17,40,89,222.60	16-04-2025	-	-	-

**Includes Spend FY 24-25 + Spend of Unspent FY21-22 + Spend of Unspent 22- 23 + Spend of Unspent 23-24)*

f. Excess amount for set off, if any:

Sr. No.	Particular	Amount
1	2	3
i	Two percent of average net profit of the Company as per Section 135(5)	₹ 75,48,53,222.44/-
ii	Total amount spent for the Financial Year	₹ 70,88,77,361.76/-***
iii	Excess amount spent for the financial year [(ii)-(i)]	NIL
iv	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
v	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

**** Including administrative overheads and amount spent for impact assessment as on 31-03-2025*

7. Details of Unspent CSR amount for the preceding three financial years:

1	2	3	4	5	6			7	8
Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6)	Balance Amount in Unspent CSR Account under Section 135 (6)	Amount spent in the reporting Financial Year	Amount transferred to a Fund as specified under Schedule VII as per second proviso Section 135(6), if any			Amount remaining to be spent in succeeding financial years	Deficiency, if any
					Name of the Fund	Amount	Date of transfer		
1	2021-2022	3,28,60,000.00	0.00	33,58,369.00	NA	NA	NA	NIL	NA
2	2022-2023	15,97,07,851.92	0.00	2,51,29,176.92	NA	NA	NA	NIL	NA
3	2023-2024	10,33,73,057.00	37,47,241.00	9,96,25,816.00	NA	NA	NA	37,47,241.00	NA

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Yes	No ✓

If yes, enter the number of Capital assets created/ acquired:

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year

Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/Authority/Beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
1	2	3	4	5	6		
NA							

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5)

Not Applicable

Sd/-
Mr. Krishnan Venkat Subramanian
(Managing Director & Chief Executive Officer)

Sd/-
Mr. Sankarshan Basu
(Chairman- CSR Committee)

Annexure B

FORM MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2025

(Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To
The Members,
THE FEDERAL BANK LTD
(CIN: L65191KL1931PLC000368)
Federal Towers, P. B. No. 103,
Alwaye, Ernakulam,
Kerala - 683 101.

We, M Damodaran & Associates LLP, Practicing Company Secretaries, have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by The Federal Bank Ltd (hereinafter called the "Bank"). Secretarial Audit was conducted in a manner that provided us with a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Bank's books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Bank has, during the audit period covering the financial year ended on March 31, 2025 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Bank has proper Board-processes and Compliance-mechanism in place to the extent, in the manner and subject to the reporting made herein

We have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Bank for the financial year ended on March 31, 2025 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'); including amendment/ re-enactment made thereto;

a) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (to the extent applicable);

d) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

e) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

f) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients and ESOP;

g) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR)] ;

h) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 (to the extent applicable)

i) Securities and Exchange Board of India (Bankers to the Issue) Regulations, 1994;

j) Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014;

k) Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993;

(vi) The Management has identified and confirmed compliances with certain laws as specifically applicable to the Bank as per Annexure- A which forms part of this report.

We have also examined compliance with the applicable clauses of the following:

i. The Listing Agreements entered by the Bank with BSE Limited ('BSE') and National Stock Exchange of India Limited (NSE'); and

ii. Secretarial Standards (SS-1) for Board Meeting and Secretarial Standards (SS-2) for General Meeting issued by the Institute of Company Secretaries of India.

During the period under review, except as below, the Bank has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Secretarial Standards, etc. as applicable to the Bank:

a. Issue Department, RBI has levied penalty of INR 14.70 Lakhs on the bank for non-adherence with the provisions of RBI Master Circular RBI/2021-22/84 DCM (RMMT) No.S153/11.01.01/2021-22 August 10, 2021 to the extent, due to non-replenishment of cash in ATMs falling under various jurisdictions during the FY 2024-25. The Bank has paid the above penalty on various dates during the FY 2024-25.

b. RBI has levied penalty of INR 1,87,859/- on Currency Chests for the FY 2024-25 on account of error in the count/rare instances of mixed bundles of mutilated notes, forged notes, soiled notes etc., and other deficiencies observed during inspection of Federal Bank Currency Chests and discrepancies detected in CVPS during processing of Soiled Note Remittances. The Bank has paid the above penalty on various dates during the FY 2024-25.

c. Issue Department, RBI has levied penalty of INR 40,000/- on the bank for non-adherence with the provisions of Para 2(v) of RBI Master Circular DCM (CC) No. G-5/03.44.01/ 2022-23 dated April 01, 2022 to the extent, for discrepancies observed during their incognito visit to Chittilappilly, Ongole, Kanpur and Prayagraj Branches. The Bank has paid the above penalty on various dates during the FY 2024-25.

d. Bank have received Penalty Orders from GST department for an amount of INR 11,31,65,574.98/- during the FY 2024-25. Bank has not yet paid the amount and filed/filing appeal against the said orders.

e. National Payments Corporation of India has levied an amount of INR 3,49,995/- vide letter dated February 03, 2025 as part of Merchants qualified in UPI Fraud Liability Shift program basis fraud reported by Member Banks (Circular NPCI/2023-24/RMD/001A dated February 22, 2024).

f. Cost of INR 6,28,716/- recovered by RBI for the complaints against the Bank received at the Office of RBI Ombudsman in excess of the PG2 averages during the period April 01, 2023 to March 31, 2024, from the Bank by debiting the current account maintained by the Bank with RBI on December 10, 2024.

g. The Bank had received a communication dated February 07, 2025, from the Enforcement Department of the RBI, which imposed a penalty of INR 27.30 lakhs on the Bank. This order followed a show cause notice sent on June 19, 2024, regarding the opening of savings deposit accounts for ineligible entities. The order instructed the Bank to pay the penalty within 14 days of receiving the letter, by February 21, 2025. The penalty amount has been paid by the Bank on February 13, 2025.

We further report that the Board of Directors of the Bank is duly constituted with a proper balance of Executive and Non-executive Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board & Committee Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice with the consent of all the Directors, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. As per the minutes of the meetings duly recorded and signed by the respective Chairman, the decisions of the Board/Committees were unanimous and no dissenting views have been recorded.

We further report that there are adequate systems and processes in the Bank commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Board of Directors of the Bank, inter alia, had:

a. redeemed 3,000 Tier 2 bonds on June 20, 2024 by exercise of Call Option.

b. approved, at its meeting held on October 28, 2024, the issuance of unsecured infrastructure bonds in the nature of listed, redeemable, unsecured debentures amounting up to INR 1,500 crore on a private placement basis to certain eligible investors permitted to invest in the NCDs under applicable laws.

c. allotted 2,04,77,127 equity shares consequent to exercise of ESOS vested under Employee Stock Option Scheme 2010 & Employee Stock Option Scheme 2017 of the Bank on various dates.

We further report that during the audit period the Credit, Investment and Raising Capital Committee constituted by Board of Directors of the Bank, at its meeting held on November 12, 2024, had allotted 1,500 redeemable, unsecured fully paid-up long-term infrastructure bonds in the nature of listed debentures of INR 1,00,000 each to eligible investors, on private placement basis.

We further report that during the audit period, the shareholders of the Bank, inter alia, had;

a. passed a special resolution at the Annual General Meeting held on August 31, 2024 under Section 42 and all other applicable provisions of the Companies Act, 2013 for raising of funds through issuance of bonds on private placement basis, within the overall borrowing limits of the Bank approved by way of special resolution under the provisions of Section 180(1)(c) of the Companies Act 2013, up to an aggregate amount not exceeding Rs. 6,000 crores during a period of one year w.e.f. August 31, 2024.

b. passed a special resolution through postal ballot on November 30, 2024 under sections 196, 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 to grant 16,00,000 Stock Options to Mr. Krishnan Venkat Subramanian (DIN: 00031794), Managing Director & CEO of the Bank, under The Federal Bank Limited Employee Stock Option Scheme, 2023.

For **M DAMODARAN & ASSOCIATES LLP**

Sd/-
M. Damodaran
Managing Partner
FCS No.: 5837
COP. No.:5081
FRN: L2019TN006000
PR 3847/2023
ICSI UDIN:F005837G000656850

Place: Chennai
Date: June 25, 2025

*This report is to be read with our letter of even date which is annexed as **Annexure B** and forms an integral part of this report)*

Annexure - A

The Management has identified and confirmed compliances with following laws as specifically applicable to the Bank during the audit period 2024-25:

1. Reserve Bank of India Act, 1934 and Master Directions Issued by the RBI to Commercial Banks & the Banking Regulations Act, 1949 and Rules, Notifications and Circulars issued by Reserve Bank of India from time to time except as mentioned in Secretarial Audit Report 2025;
2. The Banking Ombudsman Scheme, 2006;
3. The Bankers' Books Evidence Act, 1891;
4. The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 read with The Security Interest (Enforcement) Rules, 2002;
5. The Deposit Insurance and Credit Guarantee Corporation Act, 1961;
6. Credit information Companies (Regulation) Act, 2005;
7. Recovery of Debts due to Banks and Financial Institutions Act, 1993;
8. Negotiable Instruments Act, 2002;
9. The Micro, Small and Medium Enterprises Development Act, 2006;
10. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
11. Payment of Gratuity Act, 1972 read with Rules made thereunder;
12. Maternity Benefit Act, 1961;
13. Payment of Bonus Act, 1965 read with Rules made thereunder;
14. The Factoring Regulation Act, 2011; and
15. Industrial Disputes Act, 1947 read with Industrial Disputes (Banking and Insurance Companies) Act, 1949;
16. The Shop and Establishment Act, 1948; and
17. The Central Goods and Services Tax Act, 2017 except as mentioned in Secretarial Audit Report 2025.

For **M DAMODARAN & ASSOCIATES LLP**

Sd/-
M. Damodaran
Managing Partner
FCS No.: 5837
COP. No.:5081
FRN: L2019TN006000
PR 3847/2023
ICSI UDIN:F005837G000656850

Place: Chennai
Date: June 25, 2025

Annexure - B

Disclaimer Certificate

To
The Members,
THE FEDERAL BANK LTD
(CIN: L65191KL1931PLC000368)
Federal Towers, P. B. No. 103,
Alwaye, Ernakulam,
Kerala - 683 101.

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these secretarial records based on the audit conducted by us.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of the financial records and Books of Accounts of the Bank.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on the test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

For **M DAMODARAN & ASSOCIATES LLP**

Sd/-
M. Damodaran
Managing Partner
FCS No.: 5837
COP. No.:5081
FRN: L2019TN006000
PR 3847/2023
ICSI UDIN:F005837G000656850

Place: Chennai
Date: June 25, 2025

Annexure C

THE RATIO OF THE REMUNERATION OF EACH DIRECTOR TO THE MEDIAN EMPLOYEE'S REMUNERATION AND OTHER DETAILS IN TERMS OF SUB-SECTION 12 OF SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Sr. No	Requirements	Disclosure	
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year	Shyam Srinivasan, MD & CEO *	– 38.96
		Krishnan Venkat Subramanian, MD & CEO *	– 12.98
		Shalini Warrier, ED	– 11.71
		Harsh Dugar, ED	– 11.78
2	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Shyam Srinivasan, MD & CEO	– 83.58% *
		Shalini Warrier, ED	– 29.35%
		Harsh Dugar, ED	– 92.79% #
		Venkatraman Venkateswaran, GP&CFO	– 19.24%
		Samir Pravinbhai Rajdev, CS	– 24.16%
3	The percentage increase in the median remuneration of employees in the financial year ^	30.46%	
4	The number of permanent employees on the rolls of Company##	16,111 (As on March 31, 2025)	
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration ^	The average percentage increase made in the Salary of total employees for the financial year is around 37.01%, while the average increase in the remuneration of KMP's are as follows.	
		Shyam Srinivasan, MD & CEO	- 83.58%
		Shalini Warrier, ED	- 29.35%
		Harsh Dugar, ED	- 92.79% #
		Compensation of WTD's/ CEO has been arrived as per the Guidelines on Compensation of Whole-Time Directors / Chief Executive Officers / Material Risk Takers and Control Function staff, issued by the RBI, and hence the increase in managerial remuneration.	
6	Affirmation that the remuneration is as per the remuneration policy of the company	Yes, it is confirmed.	

**During the year, Mr. Shyam Srinivasan retired from the office of the Managing Director & CEO of the Bank w.e.f. the closing business hours of September 22, 2024, on expiry of his distinguished 14 years. Total remuneration includes terminal benefits paid during FY 2024-25.*

***Mr. Krishnan Venkat Subramanian was appointed as the Managing Director & Chief Executive Officer of the Bank with effect from September 23, 2024.*

**** Ms. Shalini Warrier, Executive Director, resigned as an Executive Director with effect from the closing business hours on May 23, 2025.*

 # Mr. Harsh Dugar was appointed as Executive Director of the bank with effect from June 23, 2023 and remuneration reported for FY 2023-24 was only in the capacity of ED and hence, the remuneration taken for comparison in respect of FY 2023-24 is the prorated value paid to him in the capacity of Executive Director.

##Total number of employees include the employees recruited under Fixed Tenure Engagement.

^12th Bipartite Settlement was affected during the FY 2024-25 and salaries and allowances got revised with effect from 01/11/2022 which is attributable to the substantial increase in Median and Average remuneration of employees.

Annexure D

DETAILS OF APPLICATIONS MADE BY THE BANK OR PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR

Sl. NO	NAME OF THE BORROWER	CLAIM LODGED BY FEDERAL BANK (IN CR)
1	SEABIRD SEAPLANE PVT LIMITED	6.33
2	SARGAM BUILDERS PVT LIMITED	5.56
3	CARE IT SOLUTIONS PVT LIMITED	30.27
4	DHARTHI DREDGING AND INFRASTRUCTURE LTD	32.62
5	MIR REALTORS PVT LIMITED	12.92
6	PLATINO CLASSIC MOTORS INDIA PVT LIMITED	7.23
7	ARUN KUMAR K (MIR REALTORS - DIRECTOR)	17.6
8	BASHEER AHAMED VK (MIR REALTORS - DIRECTOR)	17.6
9	FEEDBACK INFRA PRIVATE LTD	105
10	GREENSEED AGRO BIOLABS PVT LTD	1.57
11	MILSHA AGRO EXPORTS PRIVATE LIMITED	Not yet admitted

CORPORATE GOVERNANCE REPORT

In accordance with the provisions of Regulation 34(3) read with Schedule V and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), the Directors of The Federal Bank Limited ("the Bank") have pleasure in presenting the Bank's Report on Corporate Governance for the Financial Year 2024-25:

Bank's Philosophy on Code of Corporate Governance

Corporate Governance has been an integral part of the way we have been doing our business since inception. We believe that good Corporate Governance emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics. The Bank fosters a culture in which high standards of ethical behavior, individual accountability and transparent disclosure are ingrained in all its business dealings and shared by its Board of Directors, Management and Employees. The Bank has established systems and procedures to ensure that its Board of Directors are well-informed and well-equipped to fulfil its overall responsibilities and to provide the management with the strategic direction needed to create long-term shareholder value. The Bank places utmost importance in creating value for all its stakeholders and it actively promotes sustainable business practices. The Bank promotes a safe, healthy, and happy workplace and always strives to be the employer of choice. The Bank's initiatives towards improving its Environmental, Social and Governance (ESG) performance and its contribution towards Sustainable Development Goals are placed in the Annual Report.

The Bank is in compliance with the requirements of Regulation 17 to 27 and Regulation 46 of the SEBI (LODR) Regulations, 2015 to the extent applicable.

BOARD OF DIRECTORS

A. Composition of the Board

The Board has an optimum combination of Executive and Non-Executive Directors with Independent Directors constituting more than one-third of its total strength. As on March 31, 2025, Bank's Board comprises of 11 Directors out of which eight Directors are Non-Executive Directors and three are Executive Directors, including one-woman executive director. The Bank has a Non-Executive Independent Chairman and seven other Independent Directors, including one-woman Independent Director. The Board represents a diverse combination of professionalism, knowledge, expertise, and experience as relevant for the banking business. The Average tenure of the Board is 4.05 years.

The Board, while discharging its responsibilities and providing effective leadership to the business, uphold the corporate value, promote the ethical culture, endorse sustainability and leverages innovation. Independent directors play a pivotal role in upholding Corporate Governance norms and ensuring fairness in decision-making. Being experts in various fields, they also bring independent judgement on matters of strategy, risk management, controls, and business performance.

The Board periodically evaluates the need for change in its composition and size. Detailed profile of Directors of the Bank is available on the website of the Bank at https://www.federalbank.co.in/key-personnel.

The composition of the Board is governed under the relevant provisions of the Companies Act, 2013 read with the relevant rules made thereunder, the Listing Regulations, the Banking Regulation Act, 1949, the guidelines issued by the Reserve Bank of India (RBI), as amended, from time to time and the Articles of Association of the Bank. None of our Directors serve as Director in more than seven listed companies and neither of the Executive Directors serve as Independent Directors in any listed company. Further, none of our Independent Directors serve as Non-Independent Director of any company on the Board of which any of our Non-Independent Director is an Independent Director.

Independent Directors are Non-Executive Directors as defined under Regulation 16(1)(b) of the Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may reasonably be anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations and that they are independent of the management. Further, the Independent Directors have in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014, confirmed that they have enrolled themselves in the Independent Directors' Databank maintained with the Indian Institute of Corporate Affairs. The present tenure of Independent Directors of the Bank is subject to Regulation 10 A of the Banking Regulation Act, 1949 and subject to the tenure fixed for appointment of all the Independent Directors of the Bank by the shareholders/Board. As required under Regulation 46 of the Listing Regulations, as amended, the terms and conditions of appointment of IDs including their roles, responsibilities and duties are available on Bank's website at https://www.federalbank.co.in/shareholder-information.

During the Financial Year 2024-25, none of our directors served as Member in more than 10 Committees or as Chairperson in more than 5 Committees across all listed entities where they serve as a director. For determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee have been considered as per Regulation 26(1) (b) of Listing Regulations. None of the Directors or their relatives are related to each other. The Bank has not issued any convertible instruments; hence, disclosure in this respect is not applicable.

The details of composition of the Board and Directorships held as on March 31, 2025, are given below.

Name of the Directors	Category	Number of Directors	% to total number of Directors
Mr. A P Hota	Non - Executive	8	72.73
Mr. Siddhartha Sengupta	Independent Directors		
Mr. Manoj Fadnis			
Mr. Sudarshan Sen			
Ms. Varsha Purandare			
Mr. Sankarshan Basu			
Mr. Ramanand Mundkur			
Mr. Elias George			
Mr. Krishnan Venkat Subramanian*	Executive Directors	3	27.27
Ms. Shalini Warrier**			
Mr. Harsh Dugar			
Total		**11**	**100**

**Mr. Krishnan Venkat Subramanian (DIN: 00031794) was appointed as the Managing Director & Chief Executive Officer of the Bank with effect from September 23, 2024.*

Mr. Shyam Srinivasan (DIN: 02274773) retired from the office of the Managing Director & CEO of the Bank w.e.f. the closing business hours of September 22, 2024, on expiry of his distinguished 14 years tenure.

***Ms. Shalini Warrier, Executive Director, (DIN: 08257526) resigned as an Executive Director with effect from the closing business hours on May 23, 2025.*

- The Board of Directors of the Bank at its meeting held on March 27, 2024, recommended the reappointment of both Mr. Siddhartha Sengupta and Mr. Manoj Fadnis as Independent Directors, not liable to retire by rotation, for a second term of 3 years with effect from June 13, 2024, to June 12, 2027, subject to the approval of the shareholders of the Bank. The shareholders of the Bank subsequently have given their approval through Postal Ballot dated May 18, 2024, for the re-appointment of Mr. Siddhartha Sengupta and Mr. Manoj Fadnis for a period of 3 years w.e.f June 13, 2024, to June 12, 2027.
- During the year, the Nomination, Remuneration, Ethics and Compensation Committee of the Board of Directors of the Bank recommended the reappointment of Mr. Sudarshan Sen (DIN: 03570051) as an Independent Director for the second term of 3 years effective from February 11, 2025, to February 10, 2028. Subsequently, the Board at its meeting held on October 10, 2024, recommended the re-appointment of Mr. Sudarshan Sen (DIN: 03570051) as an Independent Director of the Bank for the second term of 3 (Three) years effective from February 11, 2025, to February 10, 2028 (both days inclusive), subject to the approval of the shareholders. The shareholders of the Bank through Postal Ballot on November 30, 2024, approved the re-appointment of Mr. Sudarshan Sen for a period of 3 years effective from February 11, 2025, to February 10, 2028.
- Mr. Shyam Srinivasan (DIN: 02274773) retired from the office of the Managing Director & CEO of the Bank at the end of September 22, 2024, on expiry of his distinguished 14 years tenure.
- Reserve Bank of India through its letter dated July 22, 2024, approved the appointment of Mr. Krishnan Venkat Subramanian as the Managing Director & Chief Executive Officer of the Bank under Section 35B of the Banking Regulation Act, 1949, for a period of 3 (three) years, with effect from September 23, 2024 after the expiry of the term of Mr. Shyam Srinivasan as Managing Director & CEO on September 22, 2024. The shareholders of the Bank at the 93rd Annual General Meeting held on August 31, 2024, pursuant to the recommendation of the Nomination, Remuneration, Ethics and Compensation Committee and the Board of Directors of the Federal Bank Limited, accorded approval for the appointment of Mr. Krishnan Venkat Subramanian (DIN: 00031794) as the Managing Director & CEO (KMP) of the Bank for a period of 3 (three) years with effect from September 23, 2024.
- Mr. Venkatraman Venkateswaran (DIN: 09227554) was appointed as the Executive Director on the Board of the Bank with effect from July 10, 2025 as per RBI approval letter dated July 09, 2025. The appointment of Mr. Venkatraman Venkateswaran is subject to approval of shareholders at the ensuing Annual General Meeting.

B. No. of Board Meetings, Attendance, and other Directorships/ Committee memberships

During the financial year under review, the Board met Twenty One (21) times with meetings held on April 04, 2024, April 20, 2024 May 02, 2024, May 04, 2024, June 04, 2024, June 21, 2024, June 27, 2024, July 24, 2024, August 06, 2024, September 11, 2024, September 19, 2024, October 10, 2024, October 28, 2024, November 27, 2024, December 11, 2024 [December 12, 2024 (Adjourned meeting of the Board dated December 11, 2024)], December 27, 2024, January 07, 2025, January 10, 2025, January 27, 2025, February 25, 2025, and March 24, 2025 [March 25, 2025 (Adjourned meeting of the Board dated March 24, 2025)]. 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 Listing Regulations and Secretarial Standards. The requisite quorum was present for all the meetings.

Relevant details of the Board of Directors of the Bank as on March 31, 2025, are given below:

Name of the Director	Attendance Particulars			No. of Directorships and Committee positions in other Public Companies #			Shareholding in the Bank (equity shares of ₹ 2/- each) (As on March 31, 2025)
	No. of Board Meetings		Attendance at the last AGM held on August 31, 2024	Other Directorships#	Committee Memberships*	Committee Chairmanships*	
	Held	Attended					
Mr. A P Hota	21	21	Yes	2	2	1	Nil
Mr. Siddhartha Sengupta	21	21	Yes	4	2	1	100 equity shares
Mr. Manoj Fadnis	21	21	Yes	1	1	1	Nil
Mr. Sudarshan Sen	21	19	Yes	2	2	Nil	Nil
Ms. Varsha Purandare	21	20	No	8	9	5	Nil
Mr. Sankarshan Basu	21	21	Yes	Nil	Nil	Nil	Nil
Mr. Ramanand Mundkur	21	21	Yes	1	1	Nil	2,000 equity shares
Mr. Elias George	21	21	Yes	Nil	Nil	Nil	Nil
Mr. Krishnan Venkat Subramanian*	21	8	NA	1	Nil	Nil	Nil
Ms. Shalini Warrier**	21	19	Yes	1	Nil	Nil	15,15,000 equity shares
Mr. Harsh Dugar	21	20	Yes	1	Nil	Nil	10,50,000 equity shares

**Mr. Krishnan Venkat Subramanian (DIN: 00031794) was appointed as the Managing Director & Chief Executive Officer of the Bank with effect from September 23, 2024.*

Mr. Shyam Srinivasan (DIN: 02274773) retired from the office of the Managing Director & CEO of the Bank w.e.f. the closing business hours of September 22, 2024, on expiry of his distinguished 14 years tenure. Mr. Shyam Srinivasan attended 11 Board meetings during his tenure and attended the AGM held on August 31, 2024.

*** Ms. Shalini Warrier, Executive Director, (DIN: 08257526) resigned as an Executive Director with effect from the closing business hours on May 23, 2025*

Note:

1. Directorships in Indian Public Companies (listed and unlisted) excluding The Federal Bank Limited and Section 8 Companies.

2. *In terms of Regulation 26(1)(b) of the Listing Regulations, the disclosure includes chairmanship/membership of the Audit Committee and Stakeholders' Relationship Committee in other Indian Public Companies (listed and unlisted) excluding The Federal Bank Limited.

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

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

The Members of the Board are committed to ensuring that the Board is in compliance with the highest standard of Corporate Governance. 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, Banking, Co-operation, Information Technology, Credit, Treasury Operations, Human resources, Governance, Compliance, 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 has rich experience and specialized knowledge in the said areas of relevance to the Bank.

To operate effectively, the Board has identified key skills, expertise, and competencies that are relevant to the Bank's business and sector. The following skills, expertise, and competencies have been recognized by the Board as fundamental to the Bank's efficient operation:

Skill set/Area of expertise/ Knowledge	Mr. A P Hota	Mr. Siddhartha Sengupta	Mr. Manoj Fadnis	Mr. Sudarshan Sen	Ms. Varsha Purandare	Mr. Sankarshan Basu	Mr. Ramanand Mundkur	Mr. Elias George	Mr. Krishnan Venkat Subramanian	Ms. Shalini Warrier	Mr. Harsh Dugar
KNOWLEDGE											
Specialisation / Expertise in one or more fields											
In the field of:											
Banking	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Economics	–	–	✓	✓	–	✓	✓	✓	–	✓	✓
Governance	✓	✓	✓	✓	✓	–	✓	–	✓	✓	✓
Compliance	✓	✓	✓	✓	✓	–	✓	–	✓	✓	✓
Law	–	–	–	–	–	–	✓	–	–	–	–
Agriculture	–	–	–	–	✓		–	–	–	–	✓
Information Technology	✓	–	–	–	✓	–	–	✓	✓	✓	–
Payment and Settlement Systems	✓	–	–	–	–	–	–	–	✓	✓	–
Investment Banking	–	–	✓	–	–	–	✓	–	✓	–	–
Finance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Accountancy	–	–	✓	✓	–			–	✓	✓	✓
Management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Risk Management	✓	✓	–	✓	✓	✓	–	–	✓	–	–
Credit	–	✓	✓	✓	✓	–	–	–	✓	✓	✓
Treasury Operations	–	✓	–	✓	✓	✓	–	–	✓	–	–
SSI	–	✓	–	–	✓	–	✓	–	–	–	✓
Retail Lending	–	–	–	–	✓	–	–	–	✓	✓	✓
Wealth Management	–	–	✓	–	–	–	–	–	✓	✓	–
SME Banking	–	✓	–	–	✓	–	–	–	✓	✓	✓
Investment	–	✓	✓	✓	✓	–	–	✓	✓	✓	✓
Human Resource	–	✓	–	–	–	–	–	–	✓	–	–
Co- Operation	–	–	✓	✓	–	✓	–	–	–	–	–
Business Management	–	✓	–	✓	✓	–	✓	–	✓	–	✓

D. Board Procedure

The Board has complete access to all information within the Bank. All the meetings are conducted as per a well-designed and structured agenda and in line with the compliance requirement under the Companies Act, 2013, Listing Regulations and applicable Secretarial Standards prescribed by ICSI. All the agenda items are backed by necessary supporting information and documents (except for the critical price sensitive information, which is circulated separately in advance or placed at the meeting) to enable the Board/Committee to discharge their responsibilities effectively and take informed decisions. The agenda also includes minutes of the previous meetings of all the Board and unlisted subsidiaries for the information of the Board. The information mentioned in Part A of Schedule II of the SEBI Listing Regulations is placed before the Board at its meeting for its consideration, whenever applicable. 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. A video conferencing facility is provided to facilitate Directors to participate in the meetings. The members of the Board exercise due diligence in the performance of their functions as Directors of the Bank and follow highest degree of business ethics, transparent practices, and code of good governance amidst cordial environments. For any business exigencies, the resolutions are passed by circulation and later placed at the subsequent Board / Committee Meeting for noting.

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 a subsequent meeting for information of the Board/ Committees.

The Board has established procedures to periodically review compliance report 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 and 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).

E. Remuneration to 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 https://www.federalbank.co.in/shareholder-information.

The Non-Executive Directors are paid sitting fees as per the provisions of Companies Act, 2013 and as per SEBI Listing Regulations as indicated below:

Sl No.	Name of Directors	Sitting fee paid to Non-Executive Directors for F.Y 2024-25 (₹ in Lakhs.)
1	Mr. A P Hota	31.25
2	Mr. Siddhartha Sengupta	48.60
3	Mr. Manoj Fadnis	46.95
4	Mr. Sudarshan Sen	43.10
5	Ms. Varsha Purandare	38.90
6	Mr. Sankarshan Basu	46.40
7	Mr. Ramanand Mundkur	57.50
8	Mr. Elias George	41.20

Note:

1. In addition to above sitting fees, Fixed Remuneration of ₹ 20 lakhs each for FY 2023-24 was paid to Mr. Siddhartha Sengupta, Mr. Manoj Fadnis, Mr. Sudarshan Sen, Ms. Varsha Purandare, Mr. Sankarshan Basu, Mr. Ramanand Mundkur and Mr. Elias George during FY 2024-25.
2. In addition to the above, ₹ 29.78 lakhs were paid to Mr. A P Hota as honorarium during the year.

The details of remuneration paid to Mr. Krishnan Venkat Subramanian, MD & CEO, Mr. Shyam Srinivasan, former MD & CEO, Ms. Shalini Warrier and Mr. Harsh Dugar, Executive Directors during FY 2024-25 are as under:

(₹ In lakhs)

Particulars	Mr. Krishnan Venkat Subramanian## MD & CEO	Ms. Shalini Warrier ED	Mr. Harsh Dugar### ED	Mr. Shyam Srinivasan# MD & CEO
Basic Pay	130.56	34.50	34.50	107.50
Allowances & Perquisites	39.38	109.02	112.88	10.57
Contribution to PF	13.06	-	-	10.75
Terminal Benefits	0.00	0.00	0.00	420.62
Severance fees	-	-	-	-
Variable Pay (Cash)	-	21.56	18.80	-
Number of Stock Options Granted*	16,00,000*	64,500	63,000	-

** Stock Options granted to Mr. Krishnan Venkat Subramanian on 24/09/2024 was split into 2 tranches with the first being 12,00,000 Stock Option pursuant to NRC meeting dated 28/06/2025.*

##Mr Krishnan Venkat Subramanian took charge as Officer on Special Duty (OSD) effective from 02.09.2024 and as MD & CEO effective from 23.09.2024. Remuneration paid for both the tenures as OSD and MD are considered.

#Mr. Shyam Srinivasan retired from the Board of the Bank upon completion of his term of office from end of the day, September 22, 2024. Remuneration details of Mr. Shyam Srinivasan are taken in the capacity of MD & CEO till September 22, 2024, which includes the retirement benefits in connection with his superannuation.

###Mr Harsh Dugar was elevated to Executive Director effective from 23.06.2023. Variable Pay (Cash) and Stock Option granted during FY 2024-2025 is considered.

Note:

1. During FY 2024-25, Mr. Shyam Srinivasan, MD & CEO has relinquished 2,65,500 Stock Options (non- cash) and ₹ 51.60 lakhs (cash) offered to him as Variable Pay pertaining to FY 2023-24.
2. Variable Pay (Cash) paid to Ms. Shalini Warrier during FY 2024-25 includes 50% of variable pay cash for the performance year 2023-24 which is ₹ 16,90,000/- and tranche 1 of the deferred variable pay cash for the performance year 2022-23 which is ₹ 4,66,125/-
3. Variable Pay (Cash) paid to Mr. Harsh Dugar during FY 2024-25 is 50% of variable pay cash for the performance year 2023-24.
4. Ms. Shalini Warrier exercised 6,40,000 ESOS options and Mr. Harsh Dugar exercised 5,15,000 ESOS options during FY 2024-25.
5. During the Financial Year 2024-25, the Bank did not advance any loan to any of its directors.

F. Separate Meeting of Independent Directors

In compliance with Regulation 25 (3) of the Listing Regulations and Schedule IV of the Act, separate meetings of Independent Directors were convened on June 06, 2024, and August 08, 2024 during the financial year 2024-25. Meetings of Independent Directors were convened on June 23, 2025, and Adjourned Meeting was held on June 30, 2025, during the financial year 2025-26.

The meetings held on June 23, 2025 and June 30, 2025 were chaired by Mr. A P Hota and was held without the presence of Non-Independent Directors and members of the management. The Independent Directors, in the meeting held on June 23, 2025 inter alia, evaluated the performance of the Independent Directors, Non- Independent Directors, Committees of the Board and the Board of Directors as a whole. The Independent Directors, at its meeting held on June 23, 2025, also evaluated the performance of the Chairman of the Board after taking into account the views of Executive and Non-Executive Directors and discussed aspects relating to the quality, quantity and timeliness of the flow of information between the Bank, the Management and the Board for FY 2024-25. During the adjourned meeting of the Independent Directors held on June 30, 2025, the Independent Directors evaluated the performance of Mr. Shyam Srinivasan, MD&CEO (Retired) for the period from April 01, 2024 to September 22, 2024. All the Independent Directors attended the aforesaid meetings.

G. Familiarization Program for Independent Directors

The Bank has an orientation process/familiarization program for its directors (including Independent Directors), which includes sessions on various business and functional matters, and strategy sessions. The Bank ensures induction and training programs are conducted for newly appointed Directors. New Independent Directors are taken through a detailed induction and familiarization program, including briefing on their role, responsibilities, duties, and obligations, the nature of the business and business model, matters relating to Corporate Governance, Code of Business Conduct, Risk Management, Compliance Programs, Internal Audit, etc.

On an ongoing basis, the Bank endeavours to keep the Board including independent directors abreast with matters relating to the industry in which Bank operates, its business model, risk metrics, mitigation and management, governing regulations, information technology including cyber security, their roles, rights and responsibilities and major developments and updates on the Bank.

The details of the familiarization and training programs for FY25 can be accessed at the link https://www.federalbank.co.in/shareholder-information.

The Independent Directors of the Bank are made aware of their roles and responsibilities at the time of their appointment through a formal letter of appointment, which also stipulates various terms and conditions of their engagement.

H. Directors and Officers Insurance

In compliance with Regulation 25 (10) of the Listing Regulations the Bank had undertaken Directors and Officers insurance ('D and O insurance') for all its directors, including Independent Directors, for a quantum and risks as determined by the Board of Directors of the Bank.

I. Performance Evaluation Criteria for Independent Directors of the Bank

The performance evaluation criteria for Independent Directors include:

a. Attendance at the Board and Committee meetings

b. Study of agenda papers in depth prior to meeting and active participation at the meeting.

c. Contributes to discussions on strategy as opposed to focus only on agenda.

d. Participate constructively and actively in the Committees of the Board in which they are Members.

e. Exercises his/her skills and diligence with due and reasonable care and brings an independent judgment to the Board.

f. The Director remains abreast of developments affecting the company and external environment in which it operates independent of his being apprised at meetings.

g. 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 and Performance evaluation criteria of Non - Independent Directors are detailed in Boards' Report.

SENIOR MANAGEMENT

In accordance with the provisions of Regulation 34(3) and 53(f) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the particulars of senior management and changes during F.Y. 2024-25 are detailed below:

Name	Designation
Mr. Krishnan Venkat Subramanian	Managing Director & CEO
Ms. Shalini Warrier*	Executive Director
Mr. Harsh Dugar	Executive Director
Mr. Venkatraman Venkateswaran#	Group President & CFO
Mr. Divakar Dixit	Group President & Chief Credit Officer
Mr. Johnson K Jose	Group President - Chief Technology Officer & Controller Fedserv
Mr. Sanjesh Kumar	Group President & Chief Internal Auditor
Mr. Kapil Bhatia	Group President & Country Head - CIB
Mr. Lakshmanan V	Group President & Head - Treasury (Treasurer)
Mr. Sunil Kumar K N	Group President & Chief Compliance Officer

Name	Designation
Mr. Mohan K**	EVP & Country Head -Agri, Micro & Rural Banking
Mr. Eqbal Manoj	EVP & Head - Branch Banking
Mr. Damodaran C	Executive Vice President & Chief Risk Officer
Mr. Rajanarayanan N	Executive Vice President & Chief Human Resources Officer
Mr. Indraneel Ajitkumar Pandit	EVP & Chief DIgital Officer
Mr. Kuriakose Conil	EVP & Country Head - CAD,CRMD & Remedial Management
Mr. Joy P V	EVP & Country Head - Deposits, Wealth & Banca
Mr. Rathish R**	EVP & Country Head - Business Banking
Mr. Samir Pravinbhai Rajdev	Executive Vice President & Company Secretary
Mr. Biju K	Senior Vice President & Chief Vigilance Officer
Mr. M V S Murthy	Chief Marketing Officer

˙ceased to be Executive Director of the Bank w.e.f May 23, 2025

#Mr. Venkatraman Venkateswaran was appointed as the Executive Director on the Board of the Bank with effect from July 10, 2025 as per RBI approval letter dated July 09, 2025. The appointment of Mr. Venkatraman Venkateswaran is subject to approval of shareholders at the ensuing Annual General Meeting.

***Mr. Mohan K and Mr. Rathish R retired from the services of the Bank w.e.f May 31, 2025*

BOARD COMMITTEES AND ITS TERMS OF REFERENCE

The Committees of the Board play an important role in the governance structure of the Bank and have been constituted to focus on specific areas and make informed decisions within the delegated authority. Each Committee is guided by its Charter or Terms of Reference, which provides for the composition, scope, powers, duties, and responsibilities. The recommendation and/ or observations and decisions are placed before the Board for information or approval. The Chairman of respective Committee updates the Board regarding the discussions held / decisions taken at the Committee Meeting. 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, 2025, Audit Committee comprises of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

During the financial year 2024-25, the Audit Committee met 24 (Twenty Four) times on April 16, 2024, May 02, 2024, May 22, 2024, June 03, 2024, July 24, 2024, August 28, 2024, September 17, 2024, September 27, 2024, October 01, 2024, October 19, 2024, October 28, 2024, November 19, 2024 [November 20, 2024 (Adjourned meeting of the Audit Committee dated November 19, 2024)], December 04, 2024, December 16, 2024, [December 17, 2024 (Adjourned meeting of the Audit Committee dated December 16, 2024)], December 20, 2024, December 23, 2024, January 04, 2025, January 06, 2025, January 10, 2025, January 27, 2025, [January 28, 2025 (Adjourned meeting of the Audit Committee dated January 27, 2025)], February 05, 2025, March 04, 2025, March 07, 2025 and March 21, 2025. 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	24	24
Mr. Sudarshan Sen	Independent Director	Member	24	24
Mr. Sankarshan Basu	Independent Director	Member	24	24
Mr. Ramanand Mundkur	Independent Director	Member	24	24

Mr. Manoj Fadnis, the Chairman of Audit Committee, attended the AGM held on August 31, 2024.

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 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 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 and scope

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 of adequacy of internal control systems and internal audit functions through structural reporting formats specifically designed for the purpose, submitted by the respective functional heads. Engage one-to-one interaction with the functional heads so as to assure itself that the systems are being effectively managed. Direct the functional heads to implement necessary systems to plug the deficiencies in/ improve internal control, risk management and reporting systems and require them to report compliance with the directives to the Committee periodically

9. 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;

10. Recommend to the Board for shareholders' approval, the appointment, reappointment, removal, or replacement and terms of appointment of statutory 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.

11. Approve the terms of engagement of the services of the statutory auditors for rendering any other professional services to the Bank and the fee therefore;

12. Discuss with the external auditors, before they commence the audit, the nature and scope of the audit, audit as well as post-audit discussion to ascertain any area of concern and ensure coordination where more than one audit firm is employed.

13. 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

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

14. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval

15. 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, and

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;

16. 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;

17. 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;

18. To review and oversight the functioning of the Whistle Blower mechanism.

19. 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.

20. Grant approval / omnibus approval for related party transactions as defined in the Board-approved 'Policy on Related Party Transactions' of the Bank and for their subsequent modifications, if any. ACB, shall review applicable information for approval of a proposed RPT in line with regulatory requirements from time to time. The audit committee shall define "material modifications" and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions.

21. Review at least on a quarterly basis, the details of related party transactions entered into by the Bank pursuant to each of the omnibus approvals given.

22. Approval a of related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

23. Valuation of undertakings or assets of the Bank, wherever it is necessary;

24. Evaluation of internal financial controls and risk management systems.

25. Monitoring the end use of funds raised through public offers and related matters.

26. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process; conflict of interest position in terms of relevant regulatory provisions, standards and best practices. Any concerns in this regards may be flagged by ACB to the Board of Directors and concerned SSM/ Regional Office of RBI. Any serious lapses/negligence in audit responsibilities or conduct issues on part of the SCAs/SAs or any other matter considered as relevant shall be reported10 to RBI within two months from completion of the annual audit.

27. Scrutiny of inter-corporate loans and investments, if any;

28. 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.

29. 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.

30. 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 utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.

31. Review arrangements by which staff of the bank may confidentially raise concerns about possible improprieties in matters of financial reporting.

32. 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.

33. Periodic reviews on borrower entities in which directors of any wilful defaulter companies are present.

34. 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.

35. Review of Internal Financial Control (IFC) process including Risk Control and Self- Assessment (RCSA).

36. Review of Position pertaining to opening of Internal/ branch GL heads, the purpose for which it is used and its reconciliation on a quarterly basis.

37. Oversee the Ind AS implementation process at quarterly intervals.

38. Ensure adequate coverage of internal audit to satisfy effective implementation of policies and procedures.

39. 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.

40. The audit committee shall review the status of long-term (more than one year) or recurring RPTs on an annual basis

41. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

42. To review the policy for empanelment of advocates on a yearly basis

43. Review of Supervisory/regulatory compliance reports including Risk Mitigation Plan submitted to RBI

44. Review of responses to the regulator with respect to Regulatory Non- compliance

45. Periodical review of the Compliance functions through quarterly and annual reports submitted by Compliance Department

46. Review of Reconciliation of accounts maintained by the Bank with RBI/ other Banks/ Institutions in India on a quarterly basis and recommend to the Board.

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.

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 LODR, Regulations, 2015

The Audit Committee shall mandatorily review the following information:

i. Management discussion and analysis of financial condition and results of operations;

ii. Management letters / letters of internal control weaknesses issued by the statutory auditors;

iii. Internal audit reports relating to internal control weaknesses; and

iv. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee

v. statement of deviations:

   a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of issue of securities of any nature. (if any)

   b) 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)

vi. Review the financial statements of unlisted subsidiary, in particular, the investments made by unlisted subsidiary.

Other matters

1. 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.

2. The chairperson of the committee shall be present at Annual general meeting to answer shareholder queries.

3. The Company Secretary shall act as the secretary to the Audit committee.

4. The minutes of the Committee meetings and decisions taken by the Committee shall be promptly submitted to the Board.

5. 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, 2025, 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-Executive and more than 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 2024- 25, the Nomination, Remuneration, Ethics and Compensation Committee met Thirteen (13) times on April 20, 2024, April 29, 2024, May 04, 2024, May 23, 2024, June 03, 2024, June 14, 2024, June 29, 2024, July 17, 2024, July 30, 2024, September 11, 2024, November 04, 2024, November 26, 2024 and March 20, 2025.

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

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Siddhartha Sengupta	Independent Director	Chairman	13	13
Mr. A P Hota*	Independent Director	Member	13	12
Mr. Manoj Fadnis	Independent Director	Member	13	13
Mr. Sudarshan Sen**	Independent Director	Member	13	1

** Mr. AP Hota (DIN: 02593219), ceased to be a member of the Committee on 27.11.2024.*

*** Mr. Sudarshan Sen (DIN: 03570051), was inducted as a member of the Committee w.e.f. 27.11.2024.*

During the financial year 2024-25, the Committee was re-constituted once on November 27, 2024.

Mr. Siddhartha Sengupta, who is the Chairman of Committee attended the AGM held on August 31, 2024.

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

1. 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;
2. 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;
3. recommending to the Board, candidates for election (including re-election) or appointment (including reappointment) to the Board. For every appointment of an independent director, the Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
    a. use the services of an external agencies, if required;
    b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
    c. consider the time commitments of the candidates
4. carrying out evaluation of every director's performance.
5. deciding on the matter of whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
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;

    The Committee shall ensure the following while formulating the policy as above:

    a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors, key managerial personnel and senior management of the quality required to run the Bank successfully;

    b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

    c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Bank and its goals.

9. Formulating and determining the Bank's policies on remuneration packages payable to the Directors and key managerial personnel including performance/ achievement bonus, perquisites, retirals, sitting fees.
10. Considering grant of Stock Options to employees.
11. To review Talent pool creation/ Succession Planning Policy
12. Reviewing the composition of the existing Committees of the Board.
13. Formulation of criteria for performance evaluation of Independent Directors and the Board;
14. 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;
15. Developing and recommending to the Board the Corporate Governance guidelines applicable to the Bank for incorporating best practices from time to time;
16. Recommend to the board, all remuneration, in whatever form, payable to senior management*
    - 'senior management' shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the persons identified and designated as key managerial personnel, other than the Board of Directors, by the listed entity.

Other Matters

1. The Chairperson of the Nomination, Remuneration, Ethics and Compensation Committee may be present at the Annual General Meeting, to answer the shareholders' queries; However, it shall be up to the chairperson to decide who shall answer the queries.
2. The Company Secretary, who shall also act as the secretary to the Committee, shall ensure that all appointments or elections of Directors to the Board are properly made, and shall obtain all necessary information from the Directors or candidates recommended by the Committee to ensure that they are not disqualified to act as Directors of the Bank under any statute or regulatory directives or guidelines, and that by appointing or electing them as Directors the Bank would meet its statutory and regulatory obligations and those arising from listing requirements of stock exchanges on which the Bank's shares are listed.
3. 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.
4. The Chairman, the MD&CEO and/or other Executive Directors shall not participate in discussions by the Board on matters relating to his/their compensation package or any components thereof.

C. Stakeholders Relationship Committee

Composition and Meetings

As on March 31, 2025, Stakeholders Relationship Committee consists of members as stated below. The composition of the Committee is in conformity with the regulatory requirements. Mr. A P Hota, the previous Chairman of Committee and Mr. Ramanand Mundkur, the current Chairman of the Committee, both attended the AGM held on August 31, 2024. Mr. Samir P Rajdev, EVP & Company Secretary acts as the Compliance Officer.

During the financial year 2024- 25, the Committee met once (01) on March 19, 2025.

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

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Ramanand Mundkur*	Independent Director	Chairman	1	1
Mr. A P Hota**	Independent Director	Member	1	1
Mr. Shyam Srinivasan#	Executive Director	Member	1	0
Mr. Krishnan Venkat Subramanian^	Executive Director	Member	1	1
Mr. Harsh Dugar	Executive Director	Member	1	0

**Mr. Ramanand Mundkur (DIN: 03498212) was appointed as the Chairman of the Committee w.e.f September 23, 2024*

***Mr. Abhaya Prasad Hota (DIN: 02593219) stepped down as Chairman of the Committee and continues to be a Member of the Committee w.e.f September 23, 2024*

#Mr. Shyam Srinivasan (DIN: 02274773), ceased to be a member of the Committee after his retirement from the Board of the Bank upon completion of his term of office w.e.f September 23, 2024

^Mr. Krishnan Venkat Subramanian (DIN: 00031794) was inducted as Member of the Committee w.e.f September 23, 2024

During the financial year 2024- 25, the Committee was re-constituted once on September 23, 2024.

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

1. Review, 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 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.
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. Recommends 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.
10. Approve matters related to Shareholders viz. acquisition, increase in shareholding percentage, determination of fit & proper of investors of the Bank.

Other matters

The chairperson of the committee or, in his absence, any other member of the committee authorized by him in this behalf shall attend the general meetings of the Bank to answer queries of the security holders.

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 2024-25 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
1*	9	10	0

**One complaint was closed on April 03, 2024, by NSE, which pertains to Financial Year 2023-24.*

As on March 31, 2025, apart from the above mentioned complaints, around 1664 requests/queries/ 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. These requests/queries/ information have also been responded suitably.

D. Credit, Investment and Raising Capital Committee

Composition and Meetings

As on March 31, 2025, the Credit, Investment and Raising Capital Committee consisted of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

During the financial year 2024-25, the Credit, Investment and Raising Capital Committee met Twenty-One (21) times on April 23, 2024, May 17, 2024, June 11, 2024, June 21, 2024, June 27, 2024, July 23, 2024, August 06, 2024, August 27, 2024, September 23, 2024, September 26, 2024, October 25, 2024, November 04, 2024, November 12, 2024, November 25, 2024, December 24, 2024, January 20, 2025, January 30, 2025, February 25, 2025, March 21, 2025, March 26, 2025, and March 27, 2025.

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	21	21
Ms. Varsha Purandare	Independent Director	Member	21	18
Mr. Ramanand Mundkur	Independent Director	Member	21	21
Mr. Elias George	Independent Director	Member	21	21
Mr. Shyam Srinivasan*	Executive Director	Member	21	8

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Krishnan Venkat Subramanian**	Executive Director	Member	21	12
Mr. Harsh Dugar	Executive Director	Member	21	20

**Mr. Shyam Srinivasan (DIN: 02274773) retired from the office of the Managing Director & CEO of the Bank w.e.f. the closing business hours of September 22, 2024, on expiry of his term and ceased to be a member of the CIRC committee with effect September 23, 2024.3*

***Mr. Krishnan Venkat Subramanian (DIN: 00031794) was appointed as the Managing Director & Chief Executive Officer of the Bank with effect from September 23, 2024, and was inducted as a member of the CIRC Committee with effect from the same date.*

During the financial year 2024-25, the Committee was re-constituted once on September 23, 2024.

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

1. Consider proposals for approval, renewal, review etc., or modification of various types of funded and non-funded credit facilities to existing/ proposed 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.
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.
11. Consider proposals for approval of Investments of the Bank within such authority as delegated to it by the Board from time to time.
12. Approve the Policies related to the Treasury Investment and Trading activities and recommend the same to the Board.
13. Approve the new products launched by the Treasury Department and recommend the same to the Board.
14. Review of the investment activities, risk management thereof, and policies, internal control systems and compliance of statutory, regulatory and other applicable norms.
15. Approve the capital raising program of the Bank and recommend the same to the Board.
16. Periodic review of Bank's investments in Subsidiaries, JVs & Associates in addition to other unlisted investments including VCF/ PE and strategic investments.
17. Any divestment of shares in Subsidiaries/ JVs and Associates should be put up to this Committee for vetting before submitting to Board for approval.
18. Any other matter as delegated by other Board level committee / Board, as the case may be.

E. Risk Management Committee of the Board

Composition and Meetings

As on March 31, 2025, the Risk Management Committee consisted of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

During the financial year 2024 -25, the Committee met eight (8) times on June 27, 2024, August 27, 2024, November 28, 2024, December 10, 2024, January 6, 2025, January 28, 2025, March 03, 2025, and March 06, 2025.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Sudarshan Sen	Independent Director	Chairman	08	08
Mr. Siddhartha Sengupta	Independent Director	Member	08	08
Mr. Sankarshan Basu	Independent Director	Member	08	08
Mr. Shyam Srinivasan*	Executive Director	Member	08	02
Mr. Krishnan Venkat Subramanian**	Executive Director	Member	08	05

**Mr. Shyam Srinivasan (DIN: 02274773) retired from the office of the Managing Director & CEO of the Bank w.e.f. the closing business hours of September 22, 2024, on expiry of his term and cease to be a member of the Risk Management Committee with effect from September 23, 2024.*

***Mr. Krishnan Venkat Subramanian (DIN: 00031794) was appointed as the Managing Director & Chief Executive Officer of the Bank with effect from September 23, 2024, and was inducted as member of the Risk Management Committee with effect from the same date.*

During the financial year 2024-25, the Committee was re- constituted once on September 23, 2024.

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

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) ,Information Security Committee (ISC) and E&S committee (Environmental & Social).

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, Pension obligation risk and other material risks faced by the Bank.

n) Review of Transfer Pricing Mechanism in the Bank

o) Review of Stress Testing methodology, 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.

r) Ensure effective implementation of Environmental and Social Management System (ESMS) across the bank.

s) Overseeing Environmental, Social and Governance (ESG) Reporting and review of various activities of the Bank under the prescribed ESG Framework

t) The Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary

u) Review of functions related to management of Climate Risk faced by the Bank in its own operations and in its business strategies and oversee the initiatives related to Climate Risk.

v) Oversee the effectiveness of the framework for EWS and RFA and direct the Senior Management to subject the EWS / RFS framework to suitable validations so as to ensure its integrity, robustness and consistency of the outcomes. The EWS indicators identified for monitoring credit facilities / loan accounts and other banking transactions shall be approved by the RMCB. Appropriate Turnaround Time (TAT), preferably not more than 30 days, for examination of EWS alerts / triggers shall be prescribed by the Committee

w) Committee shall review the status of red flagged accounts, including the EWS alerts / triggers, remedial actions initiated by the Bank, etc. at periodic intervals as approved by the Board

Powers of the Risk Management Committee (RMCB)

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, ISC and E&S Committee from time to time.

k) Reviewing policy for interest rate 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, outsourcing risk etc.

F. Customer Service, Marketing Strategy & Digital Banking Committee

Composition and Meetings

As on March 31, 2025, the Customer Service, Marketing Strategy & Digital Banking Committee consisted of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

During the financial year 2024-25, the Committee met five (5) times on April 26, 2024, June 14, 2024, October 15, 2024, December 27, 2024 and March 19, 2025.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Ms. Varsha Purandare	Independent Director	Chairperson	05	05
Mr. Ramanand Mundkur	Independent Director	Member	05	05
Mr. A P Hota*	Independent Director	Member	05	03
Mr. Shyam Srinivasan#	Executive Director	Member	05	02
Mr. Krishnan Venkat Subramanian^	Executive Director	Member	05	02
Ms. Shalini Warrier	Executive Director	Member	05	05

**Mr. A. P. Hota was inducted as the member of the Committee w.e.f September 23, 2024*

#Mr. Shyam Srinivasan (DIN: 02274773) retired from the office of the Managing Director & CEO of the Bank w.e.f. the closing business hours of September 22, 2024, on expiry of his term and cease to be a member of the CSMSDB Committee with effect from September 23, 2024.

^Mr. Krishnan Venkat Subramanian (DIN: 00031794) was appointed as the Managing Director & Chief Executive Officer of the Bank with effect from September 23, 2024, and was inducted as member of the CSMSDB Committee with effect from the same date.

During the financial year 2024-25, the Committee was re-constituted once on September 23, 2024.

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 half- yearly basis.

14. The Committee shall review the periodic reports of the Internal Ombudsman, discuss the cases in which the decision of the Internal Ombudsman has been rejected by the Bank.

15. Approval of structure of emoluments, facilities and benefits accorded to Internal Ombudsman keeping in view the stature and position of the Internal Ombudsman.

16. Review and approval of Standard Operating Procedure (SOP) formulated by the Bank for addressing complaint redressal.

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

4. Approving various policies relating to Digital Banking; including and not limited to :

   (a) Merchant Acquisition Policy

   (b) Digital Payment Products and Services Policy

5. Review of Digital Banking Unit (DBU) Performance and Risk Parameters.

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

Composition and Meetings

As on March 31, 2025, 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.

The major functions of the Committee would be to oversee the effectiveness of the fraud risk management in the Bank. SCBMF shall review and monitor cases of frauds, including root cause analysis, and suggest mitigating measures for strengthening the internal controls, risk management framework and minimizing the incidence of frauds. The coverage and periodicity of such reviews shall be decided by the Board of the Bank.

During the financial year 2024- 25, the Committee met Four (4) times on, June 15, 2024, September 17, 2024, December 17, 2024, and January 30, 2025.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Shyam Srinivasan*	Executive Director	Chairman	04	02
Mr. Krishnan Venkat Subramanian**	Executive Director	Member	04	02
Mr. Ramanand Mundkur***	Independent Director	Chairman	04	04
Mr. Manoj Fadnis	Independent Director	Member	04	04
Mr. Sankarshan Basu	Independent Director	Member	04	04
Mr. Harsh Dugar	Executive Director	Member	04	04

**Mr. Shyam Srinivasan (DIN: 02274773) retired from the office of the Managing Director & CEO of the Bank w.e.f. the closing business hours of September 22, 2024, on expiry of his term and cease to be a member and Chairman of the SCBMF Committee with effect from September 23, 2024.*

***Mr. Krishnan Venkat Subramanian (DIN: 00031794) was appointed as the Managing Director & Chief Executive Officer of the Bank with effect from September 23, 2024, and was inducted as a member in the SCBMF Committee with effect from the same date.*

****Mr. Ramanand Mundkur (DIN: 03498212) was appointed as the Chairman of the Committee w.e.f November 27, 2024*

During the financial year 2024-25, the Committee was re-constituted twice i.e. on September 23, 2024, and November 27, 2024.

Functions of the SCBMF shall also include the following:

i. Identify the systemic lacunae if any that facilitated perpetration of the fraud and put in place measures to plug the same.

ii. Identify the reasons for delay in detection, if any, reporting to top management of the bank and RBI.

iii. Monitor progress of CBI/Police investigation and recovery position.

iv. 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.

v. Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls.

vi. Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

vii. 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.

viii. Cases remaining in red-flagged status beyond 180 days shall be reported to the SCBMF for review with adequate reasoning / justification thereon

H. Human Resources Committee of the Board

Composition and Meetings

As on March 31, 2025, the Human Resources Committee consisted of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

During the financial year 2024-25, the Committee met Three (3) times November 12, 2024, January 21, 2025 and March 20, 2025.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Elias George#	Independent Director	Chairman	03	03
Mr. Siddhartha Sengupta	Independent Director	Member	03	03
Mr. Manoj Fadnis	Independent Director	Member	03	03
Mr. Shyam Srinivasan*	Executive Director	Member	03	00
Mr. Krishnan Venkat Subramanian**	Executive Director	Member	03	03

**Mr. Shyam Srinivasan (DIN: 02274773) retired from the office of the Managing Director & CEO of the Bank w.e.f. the closing business hours of September 22, 2024, on expiry of his term and cease to be a member of the HR Committee with effect from September 23, 2024.*

***Mr. Krishnan Venkat Subramanian (DIN: 00031794) was appointed as the Managing Director & Chief Executive Officer of the Bank with effect from September 23, 2024, and was inducted as a member in the HR Committee with effect from the same date.*

#Mr. Elias George was appointed as the Chairman of the Committee w.e.f September 23, 2024.

During the financial year 2024-25, the Committee was re-constituted once on September 23, 2024.

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

1. To Review HR Strategy aligning with business strategy of the Bank
2. Periodic review of existing HR policy of the Bank.
3. To review productivity levels of employees benchmarking with peers in the industry
4. To review Learning Initiatives
5. To review Funding Superannuation Policy
6. To review periodic HR Plans and Activities

I. Information Technology & Operations Committee

Composition and Meetings

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, 2025, 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 2024-25, the Committee met Five (5) times on June 28, 2024, August 16, 2024, November 14, 2024, February 25, 2025, and March 15, 2025.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. A P Hota	Independent Director	Chairman	05	05
Ms. Varsha Purandare	Independent Director	Member	05	05
Mr. Elias George	Independent Director	Member	05	05
Mr. Shyam Srinivasan*	Executive Director	Member	05	02
Mr. Krishnan Venkat Subramanian**	Executive Director	Member	05	02
Ms. Shalini Warrier	Executive Director	Member	05	04

**Mr. Shyam Srinivasan (DIN: 02274773) retired from the office of the Managing Director & CEO of the Bank w.e.f. the closing business hours of September 22, 2024, on expiry of his term and cease to be a member of the IT&OPs Committee with effect from September 23, 2024.*

***Mr. Krishnan Venkat Subramanian (DIN: 00031794) was appointed as the Managing Director & Chief Executive Officer of the Bank with effect from September 23, 2024, and was inducted as a member in the IT&OPs Committee with effect from the same date.*

During the financial year 2024-25, the Committee was re-constituted once i.e. on September 23, 2024.

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

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

1. Recommending to Board for approval of IT strategy and policy documents and reviewing the same from time to time.
2. Ensuring that the management has put an effective strategic planning process in place
3. Ensuring that the IT strategy is indeed aligned with business strategy & objectives.
4. Ensuring that the IT organizational structure complements the business model and its direction
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. Ensure IT budget allocations (including for IT Security) are proportionate with Bank's IT maturity, digital footprint, industry standards and security posture.
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 & Cyber Security risks and controls. And evaluating effectiveness of management's monitoring of IT & Cyber Security 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), including review and recommendation of Information Systems Security Policy and Cyber Security Policy to the Board for approval.
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

15. Ensure IT and information security governance structure which is efficient and effective. The governance structure should ensure accountability, defined objectives and clear responsibilities across organisation. Availability of skilled resources to ensure the governance structure shall also be ensured.

16. Reviewing the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management associated with the IT, IS, information/ cyber security controls and operations.

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

J. Corporate Social Responsibility Committee

Composition and Meetings

As on March 31, 2025, 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 2024-25, the CSR Committee met 2 (two) times on June 25, 2024, and February 11, 2025.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Sankarshan Basu	Independent Director	Chairman	02	02
Mr. Shyam Srinivasan*	Executive Director	Member	02	01
Mr. Krishnan Venkat Subramanian**	Executive Director	Member	02	01
Ms. Shalini Warrier	Executive Director	Member	02	02
Mr. Harsh Dugar	Executive Director	Member	02	02

**Mr. Shyam Srinivasan (DIN: 02274773) retired from the office of the Managing Director & CEO of the Bank w.e.f. the closing business hours of September 22, 2024, on expiry of his term and cease to be a member of the CSR Committee with effect from September 23, 2024.*

***Mr. Krishnan Venkat Subramanian (DIN: 00031794) was appointed as the Managing Director & Chief Executive Officer of the Bank with effect from September 23, 2024, and was inducted as a member in the CSR Committee with effect from the same date.*

During the year, the Corporate Social Responsibility Committee was re-constituted once on September 23, 2024.

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 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. Recommend to the Board about approach and direction of CSR

6. Formulate and recommend to the Board an annual action plan in pursuance of CSR Policy including

   (a) the list of CSR projects or programmes that are approved to be undertaken in areas of subjects specified in Schedule VII of Companies Act, 2013

(b) the manner of execution of such projects or programmes as specified in rule 4(1) of CSR Rules

(c) the modalities of utilization of funds and implementation schedules for the projects or programmes

(d) monitoring and reporting mechanism for the projects or programmes; and

(e) details of need and impact assessment, if any, for the projects undertaken by the Company, appointment of independent agency for undertaking impact assessment

7. Recommendation to the Board for transfer of unspent amount related to on going project to separate bank account and unspent amounts other than ongoing projects, to funds specified in Schedule VII to the Act

8. Monitoring of all Projects Ongoing or Completed. Review and recommend to the Board the status of all Projects-Ongoing or Completed.

K. Review Committee of the Board on Identification of Wilful Defaulters

Composition and Meetings

As on March 31, 2025, the Review Committee of the Board on Identification of Willful Defaulters consists of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

During the financial year 2024-25 no meeting of the Review Committee of the Board on Identification of Willful Defaulters was held. During the year, the Review Committee of the Board on Identification of Wilful Defaulters was re-constituted once on September 23, 2024.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Shyam Srinivasan*	Executive Director	Chairman	Nil	Nil
Mr. Krishnan Venkat Subramanian**	Executive Director	Chairman	Nil	Nil
Mr. Manoj Fadnis	Independent Director	Member	Nil	Nil
Mr. Sudarshan Sen	Independent Director	Member	Nil	Nil

**Mr. Shyam Srinivasan (DIN: 02274773) retired from the office of the Managing Director & CEO of the Bank w.e.f. the closing business hours of September 22, 2024, on expiry of his term and cease to be a member of the Committee with effect from the same date.*

***Mr. Krishnan Venkat Subramanian (DIN: 00031794) was appointed as the Managing Director & Chief Executive Officer of the Bank with effect from September 23, 2024, and was inducted as a member in the Committee with effect from the same date.*

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

The Review Committee shall consider the proposal of the Identification Committee that identifies accounts to be reported as wilful default along with the written representations, if any, received to comply with the regulatory guidelines. The Committee shall provide an opportunity for a personal hearing to the borrower/ guarantor/ promoter/ director/ persons who are in charge and responsible for the management of the affairs of the entity in case wherein the borrower has requested for an opportunity for personal hearing. However, if the opportunity is not availed or if the personal hearing is not attended by the borrower/ guarantor/ promoter/ director/ persons who are in charge and responsible for the management of the affairs of the entity, the Review Committee shall, after assessing the facts or material on record, including written representation, if any, consider the proposal of the Identification Committee and take a decision. The Review Committee thereafter shall pass a reasoned order and the same shall be communicated to the borrowers.

SUBSIDIARY, ASSOCIATES 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 SEBI Listing Regulations. The Policy has been displayed on the Bank's website at https://www.federalbank.co.in/our-commitments

The Bank had divested stake in Equirus Capital Private Limited (ECPL) and pursuant to the stake sale, Equirus Capital Private Limited is no longer an Associate of the Bank with effect from November 15, 2024.

As on March 31, 2025, the Bank has only one Associate Company i.e. Ageas Federal Life Insurance Company Limited (formerly known as IDBI Federal Life Insurance Co Ltd.) which is a Joint Venture Life Insurance Company.

The Directors of the Bank who are also in the Board of the Subsidiary/Associate/ Joint Venture companies as on March 31, 2025, are as follows:

- Mr. Krishnan Venkat Subramanian, Managing Director and Chief Executive Officer (MD & CEO) and Mr. Harsh Dugar, Executive

Director of the Bank are acting as a Non-Executive Nominee Directors in Board of Fedbank Financial Services Limited.

- Mr. Siddhartha Sengupta, Independent Director, is acting as the Chairman and Non-Executive Director in the Board of Federal Operations and Services Ltd.
- Ms. Shalini Warrier, Executive Director of the Bank was the Non-Executive Director in the Board of Ageas Federal Life Insurance Company Limited till May 23, 2025. Ms. Shalini Warrier, resigned as an Executive Director of the Bank with effect from the closing business hours on May 23, 2025.

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.

Fedbank Financial Services Limited is listed with both National Stock Exchange of India Limited (NSE) and BSE Limited.

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 – 91st Annual General Meeting

Day, Date and Time of Meeting - Wednesday, July 27, 2022, at 11.00 AM

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

Special Resolutions

a) Appointment of Mr. Sankarshan Basu (DIN: 06466594) as an Independent Director of the Bank.

b) Appointment of Mr. Ramanand Mundkur (DIN: 03498212) as an Independent Director of the Bank

c) Raising of Funds through Issuance of Bonds

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

e) Amendments in Memorandum of Association (MOA) of the Bank

Name of Meeting – 92nd Annual General Meeting

Day, Date and Time of Meeting - Friday, August 18, 2023, at 11.00 AM

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

Special Resolutions

a) Payment of Compensation by way of Fixed Remuneration to Non-Executive Directors (excluding the Non-Executive Part-time Chairman)

b) Amendments to the Articles of Association (AOA) of the Bank

c) Issuance of equity shares on preferential basis

d) Raising of Funds through Issuance of Bonds

e) Increase in borrowing limit

f) Adoption of The Federal Bank Limited Employee Stock Option Scheme 2023

g) Adoption of The Federal Bank Limited Employee Stock Incentive Scheme 2023

h) Extension of The Federal Bank Limited Employee Stock Option Scheme 2023 and The Federal Bank Limited Employee Stock Incentive Scheme 2023 to employees of subsidiary company(ies) / associate company (ies)*

**The AGM agenda item "To approve extension of The Federal Bank Limited Employee Stock Option Scheme 2023 and The Federal Bank Limited Employee Stock Incentive Scheme 2023 to employees of subsidiary company(ies) / associate company(ies) was not passed as per the voting results in the 92nd AGM held on August 18, 2023. Consequently, the respective clauses/ statements in the Scheme Documents are deemed to be non-operational and invalid.*

Name of Meeting – 93rd Annual General Meeting

Day, Date and Time of Meeting - Saturday, August 31, 2024, at 11:00 AM

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

Special Resolutions

a) Raising of Funds through Issuance of Bonds

b) Revision of Compensation by way of Fixed Remuneration to Non-Executive Directors (excluding the Non-Executive Part-time Chairman)

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 Notice of the 93rd Annual General Meeting.

B. Postal Ballot

i) The Bank sought the approval of the shareholders on specific matter(s) through Special Resolution(s) by Postal Ballot by utilizing a remote e-voting process only. The notice of this postal ballot dated March 28, 2024, was circulated on April 17, 2024. Remote e-voting commenced on April 19, 2024, and concluded on May 18, 2024. On the final day of remote e-voting, i.e., May 18, 2024, the resolution(s) were passed with the necessary majority, and the outcome was declared on May 20, 2024. Please see the information below for a description of the resolution(s) and details on the voting pattern:

Description of Resolution and Type of resolution	Number of Votes			
	For	%	Against	%
Re-appointment of Mr. Siddhartha Sengupta (DIN: 08467648) as an Independent Director of the Bank (Special Resolution)	1598787785	99.6305	5929434	0.3695
Re-appointment of Mr. Manoj Fadnis (DIN: 01087055) as an Independent Director of the Bank (Special Resolution)	1581574957	98.5567	23160990	1.4433

The Postal Ballot was conducted solely through the Remote E-Voting process in accordance with the provision set forth in Sections 108 and 110, as well as other applicable provisions of the Companies Act, 2013 and its corresponding Rules.

M/s. M Damodaran & Associates LLP, Practicing Company Secretaries, were appointed as Scrutinizer, for conducting the above Postal Ballot through the Remote E-Voting process fairly and transparently and following the provisions of the Companies Act, 2013 and the rules made thereunder.

ii) The Bank sought the approval of the shareholders on specific matter(s) through a Special Resolution and an Ordinary Resolution by Postal Ballot by utilizing a remote e-voting process only. The notice of this postal ballot dated October 28, 2024, was circulated on October 30, 2024. Remote e-voting commenced on November 01, 2024, and concluded on November 30, 2024. On the final day of remote e-voting, i.e., November 30, 2024, the resolution(s) were passed with the necessary majority, and the outcome was declared on November 30, 2024. Please see the information below for a description of the resolution(s) and details on the voting pattern:

Description of Resolution and Type of resolution	Number of Votes			
	For	%	Against	%
Re-appointment of Mr. Sudarshan Sen (DIN: 03570051) as an Independent Director of the Bank (Special Resolution)	1564664113	92.4728	127362536	7.5272
Grant of 16,00,000 Stock Options to Mr. Krishnan Venkat Subramanian (DIN: 00031794), Managing Director & CEO of the Bank (Ordinary Resolution)	1675136655	99.0050	16834431	0.9950

The Postal Ballot was conducted solely through the Remote E-Voting process in accordance with the regulations set forth in Sections 108 and 110, as well as other applicable provisions of the Companies Act, 2013 and its corresponding Rules.

M/s. M Damodaran & Associates LLP, Practicing Company Secretaries, were appointed as Scrutinizer, for conducting the above Postal Ballot through the Remote E-Voting process fairly and transparently and following the provisions of the Companies Act, 2013 and the rules made thereunder.

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 behavior 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. The guidelines on the usage of social media published by the Bank outlines the standards employees are expected to observe when using social media.

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 https://www.federalbank.co.in/shareholder-information.

All the Board Members and Senior Management Personnel have confirmed compliance with the code during the year 2025. A declaration to that effect signed by the Managing Director and CEO forms part of the Annual Report of the Bank.

B. Related Party Transactions

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. 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 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

Details of Related Party Transactions are provided as part of financial statements attached to the Annual Report.

C. Details of non-compliance by the Bank

No penalties or strictures have been imposed on the Bank by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during FY2024-25.

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

The Bank is in compliance with the requirements of Regulation 17 to 27 and Regulation 46 of the SEBI (LODR) Regulations, 2015 to the extent applicable.

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 trading/ hedging activities. Hence, disclosures are not reported as per the prescribed format as per SEBI Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated July 11, 2023.

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

As per SEBI (Prohibition of Insider Trading) Regulations, 2015, 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. 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.

G. Whistle Blower Policy/Vigil Mechanism

The Bank has a robust Fraud Risk Management Framework which provides guidance on managing the Fraud Risk. Cases detected / reported are investigated and appropriate process refinements and systemic corrections are implemented to avert similar incidents in future.

Various mitigation measures and surveillance mechanisms are employed to combat both internal and external frauds. Regular sensitization programs for employees and the public on various frauds and prevention techniques foster an atmosphere of vigilance.

The Preventive Vigilance Workshop, curated by the Vigilance Department, elucidates the gaps exploited by fraudsters to perpetrate frauds against Banks. This program also imparts strategies to avert such frauds. Additionally, Fraud Prevention Committee meetings are regularly conducted at branches to familiarize employees with the various modus operandi of trending frauds and their preventive measures. Annual Preventive Vigilance Audits are conducted in identified branches based on risk rating.

The Bank is committed to raising public awareness about financial frauds through multiple communication channels, including SMS, emails, posters at branches, ribbon messages on the Bank's website, and the internet banking webpage. Special emphasis is placed on cyber fraud awareness. The "Twice is Wise" cybersecurity campaign, launched in 2020, serves as a friendly reminder to remain vigilant against cyber frauds. This nationwide initiative educates citizens about cyber safety and underscores the importance of staying smart to combat financial crimes. Posters and videos cautioning the public about novel fraud incidents are disseminated through social media handles, TV channels, web channels, and more.

The Bank has implemented a robust Whistle Blower Policy, known as the Protected Disclosure Scheme (PDS). This policy underscores our commitment to maintaining the highest standards of ethics and integrity in all our operations and aims to establish an effective vigil mechanism within the Bank to identify and address aberrations at the earliest. It serves as a robust mechanism through which directors, employees, employee representative bodies, customers, other stakeholders, non-governmental organizations (NGOs), and

members of the public can report any unethical practices or concerns. The policy guarantees confidentiality and protection to the whistleblower against any personal vindictive actions such as humiliation, retaliation, harassment, or any other form of unfair treatment. A dedicated email ID is provided for sending complaints or disclosures under PDS. The PDS policy is available on the Bank's website and Intranet - https://www.federalbank.co.in/documents/10180/45777/Whistle+Blower+policy+or+PDS.pdf/558aea51-1335-4546-9c9a-28c5030377a1?t=1719555373881

H. Dividend Distribution Policy

In accordance with the Regulation 43A of SEBI Listing Regulations, the Bank has formulated a Dividend Distribution Policy. The policy has been displayed on the Bank's website at https://www.federalbank.co.in/our-commitments

I. CEO/CFO Certification

The MD and CEO and Chief Financial Officer (CFO) have issued certificate pursuant to the provisions of Regulation 17(8) of the Listing Regulations, 2015 certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Bank's affairs. The said certificate is annexed and forms part of the Annual Report.

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

During the year, the Bank did not raise any funds through preferential allotment or through Qualified Institutions Placement.

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

As required under Clause 10 (i) of Part C under Schedule V of the Listing Regulations, the Bank has received a certificate from M Damodaran & Associates LLP, Practicing Company Secretaries certifying that none of our Directors have been debarred or disqualified from being appointed or continuing as Directors of the Bank by SEBI /Ministry of Corporate Affairs or any such statutory authority, is annexed to this report.

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

During the year under review, there has been no instances of rejection by the Board of any recommendations made by any of its committees.

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 Internal Audit Policy of the Bank, duly approved by the Board of Directors. In order to help Bank in achieving 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 RBI Circular on 'Concurrent Audit System.' Internal Audit 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. Risk based Audit framework is reviewed in line with the present business model and industry best practices. At the enterprise level, the Internal 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. Chief Internal Auditor of the Bank directly reports to the Managing Director & CEO of the Bank. Audit Committee of the Board reviews the adequacy and effectiveness of the Internal Audit Function. The Bank has various types of audits which inter-alia include Risk Based Internal Audit, Information System Audit, Vendor Audit, Offsite Audit (audit through use of technology and data analysis), Concurrent Audit, Credit Audit, Gold Loan Audit and Management Audit. Branches / Departments are risk rated and the frequency of Risk Based Internal Audit / Management Audit is decided based on the Risk Rating of the unit. Significant Audit findings and observations are presented to Internal Audit Review Committee of Executives (IARCE) and a report on the meetings of Internal Audit 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 'Internal Audit Department Review Committee' (IADRC) for review and its observations are placed before Internal Audit Review Committee of Executives. A team of executives at Internal Audit Department called the "Special Surveillance Cell" meet at least once in a quarter to examine significant irregularities reported in audits for indications of fraud and for further scrutiny or any other action as deemed necessary, to study frauds / malpractices reported in the Bank or in the banking Industry as a whole for bringing necessary changes in the Audit Function based on the learning. , a team of executives at Internal Audit Department shall meet at least once in a quarter. The team shall be called the "Special Surveillance Cell". The progress in implementation of the recommendations shall be tracked periodically by the Cell.

Internal Audit Department conducts structured meetings at minimum quarterly intervals with the Zonal Heads, Heads of Zonal Credit Administration Department, Regional Business Heads of Corporate and Institutional Banking Department and Regional Business Heads of Commercial Banking Department to discuss the audit comments that have arisen during the quarter, actions to minimise such audit comments and the progress in rectification of audit comments. MD & CEO, EDs and Heads of relevant Departments / Head of Branch Banking / Business Heads shall be permanent invitees to such meetings.

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. Internal 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.

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

Requisite information is provided under the Board's Report which forms part of the Annual Report.

O. Fees paid to Statutory Auditors

M S K A & Associates, Chartered Accountants and Suri & Co. Chartered Accountants, have conducted the joint statutory audit of the Bank for FY 2024-25, pursuant to the approval of the RBI and the shareholders of the Bank.

The total fees paid by the Bank and its subsidiary, on a consolidated basis, for the services rendered by Statutory Auditors and the Firm's affiliate entities during the FY 2024- 25 is as below:

(₹ in Crore)

Particulars	Particulars
Audit Fee	4.00
Fee for certification and other attest services**	0.34

**The above fees exclude taxes and out of pocket expenses.*

***The services of statutory auditors have been obtained during the normal course of business for compliance with statutes and the guidelines of various regulators like SEBI, RBI etc. which specifically require the Statutory Auditor to undertake these activities and are not in the nature of management assurance.*

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

- CRISIL A1+ for the Certificate of Deposit Programme of the Bank
- CRISIL A1+ for the Short-Term Fixed Deposits of the Bank
- CRISIL AAA (Stable) for Fixed Deposit Programme of the Bank
- CARE AA+ (Stable) for the Tier II bonds (Under Basel III)
- CARE AA+ (Stable) for the Issuer Rating
- CARE AA+ (Stable) for the Infrastructure Bonds
- IND AA+/Stable by India Rating and Research for the Tier II bonds (Under Basel III)
- IND AA+/Stable by India Rating and Research for the Infrastructure Bonds

During the year under review, Rating for fixed deposits was upgraded from AA+(Positive) to AAA(Stable).

Q. DEBENTURE TRUSTEES

The 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:

IDBI Trusteeship Services Limited,

Universal Insurance Building,

Ground Floor, Sir P.M. Road,

Fort, Mumbai – 400001

- For ₹ 700 CR Issuance bearing ISIN INE171A08032 issued on 20-01-2022.
- For ₹ 995 CR Issuance bearing ISIN INE171A08040 issued on 29-03-2023.
- For ₹ 1500 CR Issuance bearing ISIN INE171A08057 issued on 12-11-2024 (Infra Bonds).

Since call option on ISIN INE171A08024 had been exercised on 20.06.2024, Beacon Trusteeship is no longer associated with us on the NCD issued in 2019.

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

The Bank has 2,42,47,016 GDRs (equivalent to equity shares) outstanding, which constituted 0.987% of the Bank's total capital as of March 31, 2025.

S. Compliance with Mandatory Requirements

The Bank has complied with all applicable mandatory requirements of the SEBI Listing Regulations during the financial year 2024-25. 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 SEBI Listing Regulations are detailed under various portions of Board's 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 in their report on the financial statements of the Bank as on March 31, 2025.

B. Separate posts of Chairman 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. Mr. A P Hota, Independent Director is the Chairman and Mr. Krishnan Venkat Subramanian is the Managing Director & CEO of the Bank as on March 31, 2025.

C. Reporting of Internal Auditor

The Internal Auditors of the Bank report directly to the Audit Committee of the Bank.

D. Shareholders Rights

Quarterly Financial Results, Investor Presentations and other Corporate Communications in consonance with applicable Regulations are uploaded on the Bank's website at www.federalbank.co.in.

MEANS OF COMMUNICATION

A. Financial Results

The quarterly, unaudited, and annual audited Standalone & Consolidated financial results were published in Financial Express and Deepika Daily. The results were also displayed on the Bank's website, www.federalbank.co.in.

B. News Releases/ Presentations

As a part of good governance, official press releases, results, webcasts, analyst presentations are displayed on the Bank's website, www.federalbank.co.in. We encourage investors to visit our website for reading the documents.

C. Earnings Calls, and Investor Presentations:

The Bank conducts regular earnings calls to discuss its financial performance and outlook with investors and analysts. In addition, it attends investor conferences and investor/ analyst meets, schedule whereof is submitted to the Stock Exchanges and are also published on website of the Bank.

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 of the Bank are also posted on the website.

The **'Investor Relations'** section provides the details of unclaimed dividends warrants for dividends declared up to the financial year ended March 31, 2025, to help shareholders to claim the same. In addition, various downloadable forms required to be executed by the shareholders have also been provided on the website.

Share price page is 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/ Bank/ 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.

As on date of report, communication was sent to Shareholders for updation of KYC/Nomination/Bank Detail with respect to electronic payment of dividend/interest or redemption from April 01, 2024.

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 center.

H. Redressal of Shareholder Queries/ Complaints

All grievances/ disputes/ complaints against Bank/RTA are required to be directly lodged with the Bank / RTA. Shareholder may lodge the same by sending an email to einward@integratedindia.in or by sending physical correspondence at the Bank/ RTA address.

As an alternative redressal method the complaint may be raised on "SCORES" platform of SEBI which can be accessed at https://www.scores.gov.in or through online dispute resolution process which can be initiated through the ODR portal, https://smartodr.in/login.

i. 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 the Bank for his grievance. The Bank uploads the

action taken on the complaint which can be viewed by the shareholder. The Bank and shareholder can seek and provide clarifications online through SCORES.

ii. Online Dispute Resolution (ODR) Mechanism

The Securities Exchange Board of India ("SEBI") vide its circular dated July 31, 2023, has introduced a common Online Dispute Resolution Portal ("ODRP") to facilitate online resolution of disputes arising in respect of equity shares. The ODRP provides members with an additional mechanism to resolve their grievances. Any unresolved issues pertaining to any service-related complaints between members and listed entity including its Registrar & Share Transfer Agents in the securities market, will be resolved in accordance with the above mentioned SEBI Circular.

I. Social-Media

The Bank utilizes social media platforms to engage with its stakeholders and provide updates on various activities.

GENERAL INFORMATION FOR SHAREHOLDERS

A. Company Registration Details

The Bank 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: August 29, 2025; Time: 11.00 AM;

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

C. Financial Calendar

Financial Year: April 1, 2024, to March 31, 2025

For the financial year ended March 31, 2025, results were announced on:

- First Quarter: July 24, 2024
- Second Quarter: October 28, 2024
- Third Quarter: January 27, 2025
- Fourth Quarter & Annual: April 30, 2025

D. Book Closure

The dates of Book Closure are from August 23, 2025 to August 29, 2025 (both days inclusive).

E. Dividend Payment Date

If the final dividend, as recommended by the Board of Directors, is approved at the ensuing AGM, payment of such dividend subject to deduction of tax at source will be made within 30 days from the date of 94th AGM, by way of electronic mode only.

The Bank has fixed Friday, August 22, 2025 as the 'Record Date', for the purpose of determining the members of the Bank eligible to receive the Final Dividend for FY 2025

SEBI vide its Circular bearing reference no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/181 dated November 17, 2023, has mandated that dividend, interest or redemption shall be paid only through electronic mode with effect from April 01, 2024.

Accordingly, no dividend shall be paid in case PAN, Nomination, contact details, Bank A/c details and Specimen signature for the corresponding folio numbers of shareholders are not updated. Shareholders should update the same with the Bank / RTA (in case holding shares in physical mode) / Depository Participant (in case holding shares in electronic form) to ensure that the said dividend is credited to the designated bank account.

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 2016- 17 amounting to ₹ 1,02,81,125/- 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 02, 2024.

The dividend for following years (see table below), which remains unclaimed for seven years from the date it was 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
2017-18	Final	50	10.08.2018	12.09.2025
2018-19	Final	70	25.07.2019	30.08.2026
2020-21	Final	70	09.07.2021	09.08.2028
2021-22	Final	90	27.07.2022	26.08.2029
2022-23	Final	50	18.08.2023	17.09.2030
2023-24	Final	60	31.08.2024	20.09.2031

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 2024-25, 3,66,525 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)

- **London Stock Exchange**

  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 2025-26 to BSE and NSE has been paid.

The Bank have paid 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 2025-26.

J. Equity Evolution during the year

As of March 31, 2025, the paid-up share capital of the Bank was ₹ 4,911,658,130/- consisting of 2,455,829,065 equity shares of ₹ 2/- each. Details of equity evolution of the Bank during the year

Allotment of Equity Shares pursuant to exercise of ESOS

Allotment (Face Value per Share is ₹ 2/-)

Allotment Date	No. of Shares Allotted
06.04.2024	3,71,787
12.04.2024	1,40,008
20.04.2024	2,21,068
30.04.2024	5,94,325
06.05.2024	5,62,052
14.05.2024	15,17,379
20.05.2024	8,79,616
28.05.2024	9,54,090
06.06.2024	36,68,992
12.06.2024	27,39,222
19.06.2024	4,61,890
25.06.2024	1,78,707
02.07.2024	2,35,262
09.07.2024	1,99,754
12.07.2024	1,73,084
23.07.2024	4,34,050
29.07.2024	2,51,864
06.08.2024	2,64,329
13.08.2024	5,94,643
21.08.2024	2,24,962
28.08.2024	2,41,096
03.09.2024	2,75,547
09.09.2024	3,49,013
19.09.2024	8,25,257
25.09.2024	5,22,750
02.10.2024	1,17,357
07.10.2024	48,557
15.10.2024	1,48,768
19.10.2024	67,457
29.10.2024	90,447
04.11.2024	1,75,188
11.11.2024	2,05,976
16.11.2024	2,41,057
25.11.2024	62,713
30.11.2024	1,04,035
09.12.2024	1,40,286
18.12.2024	4,32,290
24.12.2024	2,79,192
30.12.2024	1,46,783
06.01.2025	1,73,772
13.01.2025	1,26,651
21.01.2025	1,73,834
28.01.2025	84,700
03.02.2025	1,76,873
12.02.2025	1,37,298
18.02.2025	82,308
21.02.2025	65,131
02.03.2025	47,939
11.03.2025	1,04,464
23.03.2025	1,63,304

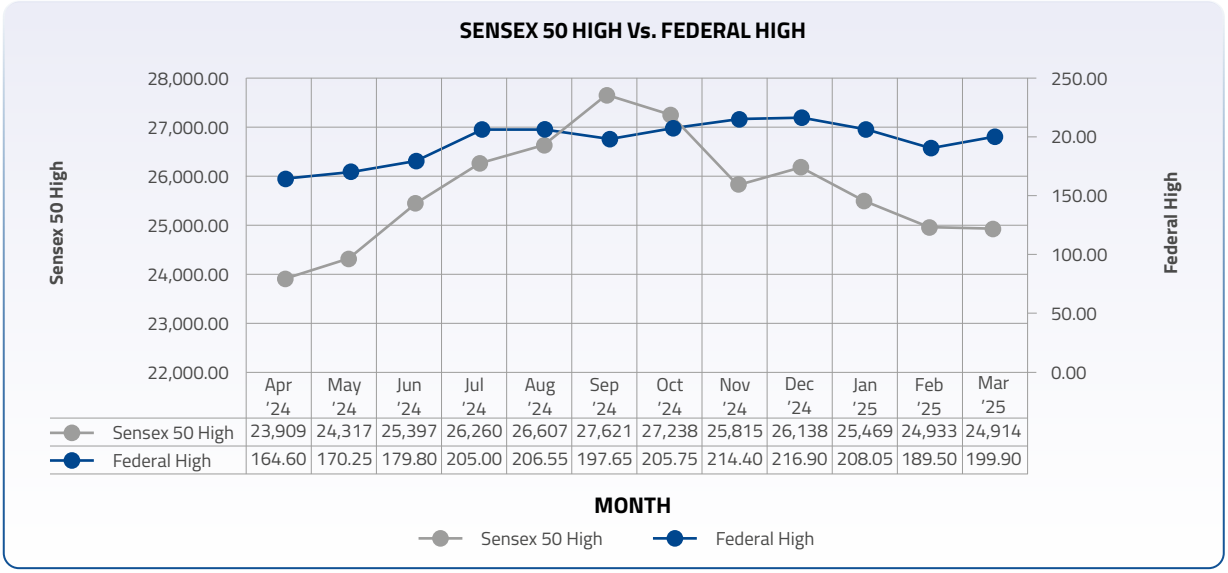
K. Stock Market Data

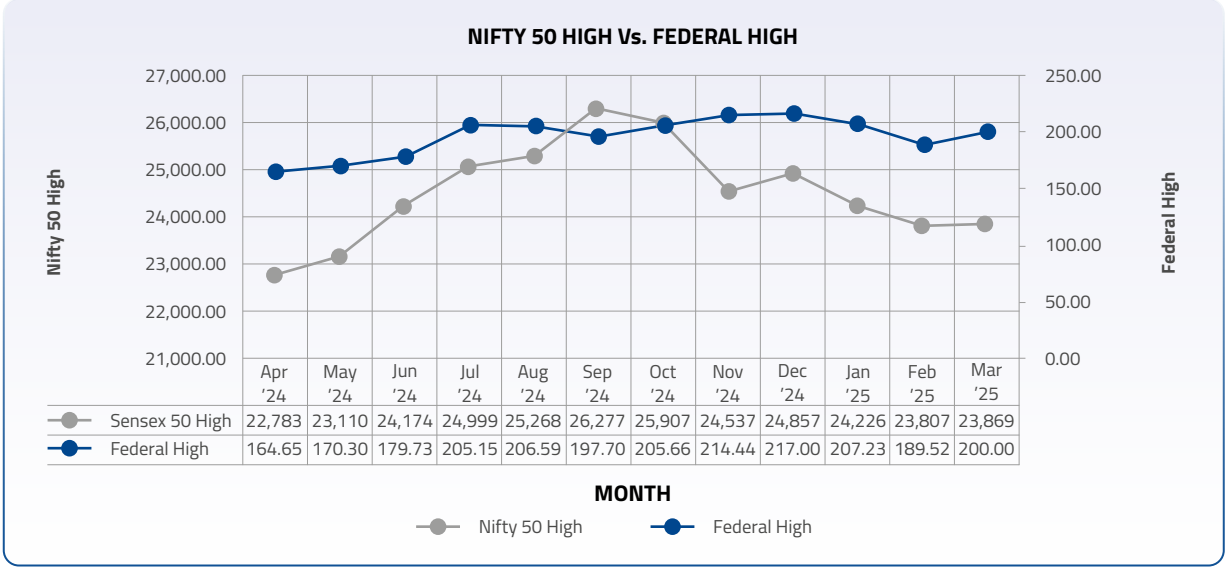
a. Market price data- high, low during each month in the Financial Year 2024-25

Monthly high and low quotations for each month during the Financial Year 2024-25 at the National Stock Exchange of India Limited and the BSE Ltd., are as follows:

NSE			BSE		
Month	**High**	**Low**	**Month**	**High**	**Low**
Apr '24	164.65	148.50	Apr '24	164.60	148.50
May '24	170.30	156.35	May '24	170.25	156.40
Jun '24	179.73	148.00	Jun '24	179.80	148.25
Jul '24	205.15	173.91	Jul '24	205.00	173.95
Aug '24	206.59	190.26	Aug '24	206.55	190.35
Sep '24	197.70	181.73	Sep '24	197.65	181.80
Oct '24	205.66	182.00	Oct '24	205.75	182.05
Nov '24	214.44	195.04	Nov '24	214.40	194.90
Dec '24	217.00	190.55	Dec '24	216.90	192.40
Jan '25	207.23	178.09	Jan '25	207.05	178.15
Feb '25	189.52	175.01	Feb '25	189.50	175.05
Mar '25	200.00	172.66	Mar '25	199.90	172.95

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





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, 2025, along with Shareholders holding more than 1% of shares of the Bank is given below:

Shareholding pattern by size as on March 31, 2025

Value	Total number of share holders	% of Shareholders	Total Value (₹)	% of shares
Upto 5000	845175	97.11	262919192	5.36
5001 - 10000	12427	1.43	89423448	1.82
10001 - 20000	6962	0.80	99460420	2.02
20001 - 30000	2257	0.26	55516040	1.13
30001 - 40000	916	0.11	32517436	0.66
40001 - 50000	542	0.06	24575380	0.50
50001 - 100000	989	0.11	69370076	1.41
ABOVE 100001	1043	0.12	4277876138	87.10

Shareholding pattern by ownership as on March 31, 2025

Sr. No.	Category	Shares	% of Shares
1	Alternative Investment FU	50265211	2.05
2	Banks (Nationalised. & Scheduled)	4124886	0.17
3	Clearing Member	2986077	0.12
4	Corporate Bodies	50322958	2.05
5	Directors	2565000	0.10
6	FI & Insurance Co. (LIC)	125097116	5.09
7	FIIs	639044750	26.02
8	GDR	24247016	0.99
9	IEPF	7973246	0.32
10	Insurance – Corporates	122642471	4.99
11	Mutual Funds	871775551	35.50
12	NRI	99926726	4.07
13	Provident / Pension Funds	18898434	0.77
14	Public & FN	434041954	17.67
15	Trusts	544198	0.02
16	Government	131545	0.01
17	Association of person	11424	0.00
18	LLP	1230502	0.05
	Total	**2455829065**	**100**

Shareholders holding more than 1% as on March 31, 2025

Sl. No.	NAME	SHARES	PERCENTAGE (%)
1	HDFC Mutual Fund	172914826	7.04
2	International Finance Corporation	93617514	3.81
3	LIC	87780536	3.57
4	Yusuffali Musaliam Veettil Abdul Kader	76570640	3.12
5	Nippon Life India Trustee Ltd	69651475	2.84
6	Axis Mutual Fund Trustee Ltd.	64979745	2.65
7	HSBC Financial Services Fund	60774500	2.47
8	Mirae Asset Midcap Fund	59422655	2.42
9	Kotak Mahindra Trustee Co Ltd	57618523	2.35
10	HDFC Life Insurance Companylimited	55549345	2.26
11	Invesco India Multicap Fund	44239016	1.80
12	SBI Life Insurance Co. Ltd	41477824	1.69
13	SBI Nifty Bank Index Fund	40162350	1.64
14	Canara Robeco Mutual Fund	38451991	1.57
15	Rekha Jhunjhunwala	36030060	1.47
16	Bank Muscat India Fund	33351210	1.36
17	UTI Nifty 200 Momentum 30 Index Fund	31927379	1.30
18	ICICI Prudential	29809315	1.21

Sl. No.	NAME	SHARES	PERCENTAGE (%)
19	DSP Nifty Private Bank Index Fund	29339190	1.19
20	IFC Emerging Asia Fund, Lp	27223037	1.11
21	IFC Financial Institutions	27223037	1.11
22	Tata Multicap Fund	25795455	1.05
23	Sundaram Mutual Fund	25792818	1.05
24	Vanguard Fund	25635986	1.04
25	Tata Aia Life Insurance Company Limited	25615302	1.04
26	Zerodha Broking	24805217	1.01

M. Dematerialization of the Bank's Shares

The Paid-up Equity Shares of the Bank as on March 31, 2025, is 2,45,58,29,065 shares. Of the total paid up equity shares of the Bank, 2,14,87,76,021 shares (87.50%) are held in dematerialized form in NSDL, 29,51,45,146 (12.02%) in CDSL and 1,19,07,898 (0.48%) 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.

N. Registrars and Transfer Agent

In terms of Regulation 7 of the Listing Regulations the listed entity shall appoint a share transfer agent or manage the share transfer facility in-house, provided that, in the case of in-house share transfer facility, as and when the total number of holders of securities of the listed entity exceeds one lakh, the listed entity shall either register with the Board as a Category II share transfer agent or appoint Registrar to an issue and share transfer agent registered with the Board. The listed entity shall ensure that all activities in relation to share transfer facility are maintained either in house or by Registrar to an issue and share transfer agent registered with the Board. The 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.

Details of the RTA are 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

The Bank has a Board-level Stakeholders' Relationship Committee to examine and redress investors' complaints. As mandated by SEBI, securities of the Bank can be transferred /traded only in dematerialized form. Further, SEBI vide its circular dated January 25, 2022, mandated that all service requests for issue of duplicate certificate, claim from unclaimed suspense account, renewal/exchange of securities certificate, endorsement, subdivision/splitting/consolidation of certificate, transmission and transposition which were allowed in physical form should be processed in dematerialized form only. Shareholders who hold shares in physical form are advised to convert them into dematerialized mode to avoid the risk of losing shares, fraudulent transactions, and to receive better investor servicing. Only valid transmission or transposition cases that comply with the SEBI guidelines will be processed by the RTA of the Bank.

SEBI vide its Circular SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated November 3, 2021, read with SEBI Circular SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/687 dated December 14, 2021, and SEBI/HO/MIRSD/ MIRSD-PoD-1/P/CIR/2023/37 dated March 16, 2023, had mandated investors holding securities in physical mode of listed companies to furnish below details:

1. Valid PAN including that of joint shareholders duly linked with Aadhaar
2. Nomination
3. Postal Address with Pin code, Email id and Mobile Number
4. Bank Account details (Bank Name, Branch, Bank Account No, IFSC Code and MICR code)
5. Specimen Signature

The necessary forms for the above request are available on the website of the Bank under Shareholders Information tab and Registrar and Transfer Agent in https://www.integratedregistry.in/KYCRegister.aspx tab.

Further, as per the aforesaid circulars, with effect from April 01, 2024, dividend declared and paid by the Company, if any, shall be paid only through electronic mode, upon furnishing all the aforesaid details, as may be applicable. Shareholders of such physical folios, wherein any one of the above cited documents/details are not available on or after April 01, 2024, would be eligible:

- To lodge grievance or avail any service request from the RTA only after furnishing the complete documents / details as mentioned above.
- For payment of dividend in respect of such physical Folios, only through electronic mode with effect from April 01, 2024, upon updation of all KYC details stated above.

Shareholders should communicate with Integrated Registry Management Services Private Limited, the Bank's Registrars & Share Transfer Agent at einward@integratedindia.in quoting their folio number or Depository Participant ID and Client ID number, for any queries relating to their securities.

The Bank has delivered/ sent letter of confirmation as per SEBI Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P /CIR/2022/8 dated January 25, 2022, for transmission of securities and for the issue of duplicate certificates received during the financial year ended March 31, 2025, within the prescribed time from the respective date of lodgment.

Shareholders are advised to refer the latest SEBI guidelines/ circulars issued from time to time and keep their KYC details updated all the time.

P. Compliance with Secretarial Standards

The Institute of Company Secretaries of India has mandated compliance with the Secretarial Standards on board meetings and general meetings. During the year under review, the Bank has complied with the applicable Secretarial Standards.

Q. Bank'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 1589 banking outlets across India as on March 31, 2025.

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 C Wing, 2nd Floor, Laxmi Towers Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra - 400051 Ph.: 022 - 68778341 Email: secretarial@federalbank.co.in
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

R. Green Initiative

Sections 20 and 136 of the Act, read with relevant Rules, permit companies to service delivery of documents electronically to the registered email ID of the members.

In compliance with the said provisions and as a continuing endeavour towards the 'Go Green' initiative, the Bank proposes to send all correspondence/communications through email to those shareholders who have registered their email ID with their depository participant's/Bank's RTA. The same is available on the website of the Bank at www.federalbank.co.in/shareholder-information.

During FY2025, the Bank sent documents, such as notice convening the Annual General Meeting, Postal Ballot Notice, Audited Financial Statements, Board's Report, Auditors' Report, Credit of Dividend intimation letters, etc., in electronic form to the email addresses provided by the members and made available by them to the Bank through the Depositories and RTA.

CERTIFICATION BY MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER OF THE COMPANY DECLARATION ON CODE OF CONDUCT

In compliance with the requirements of the Regulation 26(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) 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 March 31, 2025.

Sd/-
Krishnan Venkat Subramanian
Managing Director & Chief Executive Officer
The Federal Bank Ltd.

Place : Aluva
Date : April 01, 2025

CEO/ CFO CERTIFICATE

We, Krishnan Venkat Subramanian, Managing Director & CEO and Venkatraman Venkateswaran, 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, 2025, 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.

Sd/-
Venkatraman Venkateswaran
Chief Financial Officer

Sd/-
Krishnan Venkat Subramanian
Managing Director & CEO

Place: Aluva
Date: April 30, 2025

Annexure – 1

DETAILS OF OTHER DIRECTORSHIPS HELD AS ON MARCH 31, 2025

Name of the Director	Status	Directorship*	Category	Committee Membership	Committee Chairmanship
Mr. A P Hota	Independent Director	**Listed Companies**			
		Protean eGov Technologies Limited (formerly NSDL e-Gov Infrastructure Ltd)	Independent Director	Audit Committee	Audit Committee
		Unlisted Public Companies			
		NSE Clearing Limited	Public Interest Director & Governing Board Chairman	Audit Committee	Nil
Mr. Siddhartha Sengupta	Independent Director	**Unlisted Public Companies**			
		Centrum Financial Services Limited	Independent Director	Audit Committee	Audit Committee
		Legal Entity Identifier India Ltd.	Director (Professional Category)	Nil	Nil
		India International Bullion Exchange IFSC Limited	Public Interest Director	Audit Committee	Nil
		Federal Operations and Services Limited	Chairman and Additional Non - Executive Director	Nil	Nil
Mr. Manoj Fadnis	Independent Director	**Unlisted Public Companies**			
		Yes Securities (India) Limited	Independent Director	Audit Committee	Audit Committee
Mr. Sudarshan Sen	Independent Director	**Listed Company**			
		PNB Housing Finance Limited	Independent Director	Audit Committee	Nil
		Unlisted Public Company			
		Asset Reconstruction Company (India) Limited	Sponsor Director	Audit Committee	Nil
Ms. Varsha Purandare	Independent Director	**Listed Companies**			
		Deepak Fertilizers and Petrochemicals Corporation Limited	Independent Director	Audit Committee	Nil
		Orient Cement Limited	Independent Director	Audit Committee, Stakeholders Relationship Committee	Stakeholders Relationship Committee
		Unlisted Public Companies			
		Tata Capital Limited	Independent Director	Audit Committee	Audit Committee
		TMF Holdings Limited	Independent Director	Audit Committee	Nil
		TMF Business Services Limited (Formerly known as Tata Motors Finance Limited)	Independent Director	Audit Committee	Audit Committee
		Tata Motors Finance Limited (Formerly known as Tata Motors Finance Solutions Limited)	Independent Director	Audit Committee	Nil
		TATA AutoComp Systems Limited	Additional Director and Chairperson	Audit Committee	Audit Committee
		Tata Play Limited	Independent Director	Audit Committee	Audit Committee
Mr. Sankarshan Basu	Independent Director	Nil	Nil	Nil	Nil
Mr. Ramanand Mundkur	Independent Director	**Listed Companies**			
		Fermenta Biotech Ltd.	Independent Director	Audit Committee	Nil
Mr. Elias George	Independent Director	Nil	Nil	Nil	Nil
Mr. Krishnan Venkat Subramanian	Managing Director & Chief Executive Officer	**Listed Companies**			
		Fedbank Financial Services Limited	Non-Executive Nominee Director	Nil	Nil
Ms. Shalini Warrier	Executive Director	**Unlisted Public Company**			
		Ageas Federal Life Insurance Co. Ltd	Non-Executive Director	Nil	Nil
Mr. Harsh Dugar	Executive Director	**Listed Companies**			
		Fedbank Financial Services Limited	Non-Executive Nominee Director	Nil	Nil

**Directorship in Unlisted Public and Listed Companies are only considered.*

**Committee Membership/ Chairmanship in Audit Committee and Stakeholder Relationship Committee are only considered.*

Compliance Certificate on Corporate Governance

To
The Members,
The Federal Bank Limited

We, M Damodaran & Associates LLP, Practicing Company Secretaries, have examined the compliance of conditions of Corporate Governance by **THE FEDERAL BANK LTD**. ("the Bank"), for the financial year ended March 31, 2025 as stipulated in regulation 17 to 27 and clauses (b) to (i) and (t) of regulation 46 (2) and Para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ["Listing Regulations"].

Management Responsibility

A. 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.

Certifier's Responsibility

B. Our Responsibility and examination was limited to examining the procedures and implementation thereof, adopted by the Bank for ensuring the compliance with the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statement of the Bank.

C. We have examined the books of accounts and other relevant records and documents maintained by the Bank for the purpose of providing reasonable assurance on the compliance with corporate governance requirements by the Bank and also obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

Opinion

D. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and Clause (b) to (i) and (t) of Regulation 46(2) and Para C, D and E of Schedule V of the Listing Regulations for the financial year ended March 31, 2025.

E. We, further state that such compliance 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 M DAMODARAN & ASSOCIATES LLP

Sd/-
M. DAMODARAN
Managing Partner
Membership No.: 5837
COP. No.: 5081
FRN: L2019TN006000
PR 3847/2023
ICSI UDIN: F005837G000891810

Date: July 30, 2025
Place: Chennai

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, 2025 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 Bank
1	Mr. Abhaya Prasad Hota	02593219	10-08-2018
2	Mr. Siddhartha Sengupta	08467648	13-06-2019
3	Mr. Manoj Fadnis	01087055	13-06-2019
4	Mr. Sudarshan Sen	03570051	11-02-2020
5	Ms. Varsha Vasant Purandare	05288076	08-09-2020
6	Mr. Sankarshan Basu	06466594	01-10-2021
7	Mr. Ramanand Mundkur	03498212	01-10-2021
8	Mr. Elias George	00204510	05-09-2023
9	Mr. Krishnan Venkat Subramanian	00031794	23-09-2024
10	Ms. Shalini Warrier*	08257526	15-01-2020
11	Mr. Harsh Dugar	00832748	23-06-2023

**Ms. Shalini Warrier was relieved from the services of the bank on May 23, 2025.*

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 M DAMODARAN & ASSOCIATES LLP

Sd/-
M. DAMODARAN
Managing Partner
Membership No.: 5837
COP. No.: 5081
FRN: L2019TN006000
PR 3847/2023
ICSI UDIN:F005837G000891843

Date: July 30, 2025
Place: Chennai

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

SECTION A: GENERAL DISCLOSURES

Bank operates across India and select international locations, offering a full suite of banking and financial services. Federal Bank's general disclosures outline its core identity, business operations, employee profile, and commitment to responsible business practices. It emphasizes transparency, stakeholder engagement, and identification of material ESG issues that present both risks and opportunities, with robust grievance redressal mechanisms in place for all stakeholders.

Highlights

100%
Turnover contributing in Banking services

26 states + Delhi & 4 UTs
No. of States/UTs with physical presence

16,111
Total Employee headcount

Relevant SDGs:



I. Details of listed entity

1.	Corporate Identity Number (CIN) of the Entity	L65191KL1931PLC000368
2.	Name of the Entity	THE FEDERAL BANK LIMITED
3.	Year of Incorporation	1931
4.	Registered Office Address	Federal Towers, P B No 103, Aluva, Ernakulam,Kerala - 683101, India
5.	Corporate Address	
6.	Email Address	secretarial@federalbank.co.in
7.	Telephone	+91-0484-2630996
8.	Website	www.federalbank.co.in
9.	Financial year for which reporting is being done	2024-25
10.	Name of the Stock Exchanges where shares are listed	Equity shares of Bank are listed at: i. BSE Limited (BSE) ii. National Stock Exchange of India Limited (NSE) iii. Global Depository Receipts (GDRs) - London Stock Exchange
11.	Paid-up Capital	₹ 491.17 crore as on March 31, 2025
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Mr. Padmanabhan T M, Head ESG +91-0484-2634120 Email- esg@federalbank.co.in
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	Standalone basis
14.	Name of assurance provider	M/s. Bureau Veritas Industrial Services (India) Pvt Ltd
15.	Type of assurance obtained	BRSR Core KPIs- Reasonable assurance (Highlighted in ⍟)and non-core BRSR KPIs - limited assurance

II. Products/Services

16. Details of business activities (accounting for 90% of the turnover)

Sl. No.	Description of Main Activity	Description of Business Activity	% of turnover of the Bank
1	Financial and insurance service	Banking activities by Central, Commercial and Saving banks	100%

17. Products/Services sold by the entity (accounting for 90% of the turnover)

Sl. No.	Product/Service	NIC Code	% of total turnover contributed
1	Banking services and financial services	64191	100%

III. Operations

18. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	Not applicable	1589*	1589
International	Not applicable	3^	3

**No of branches and extension counters*

^This includes IFSC Banking Unit (IBU) in Gujarat International Finance Tec-City (GIFT City) which is considered as overseas branch and two representative offices at Dubai & Abu Dhabi

19. Markets served by the entity

a. Number of locations

Locations	Number
National (No. of States)	26 states, Delhi NCT and 4 union territories
International (No. of Countries)	1*

**Representative offices in UAE*

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Not Applicable.

c. A brief on types of customers

The bank caters to a diverse customer base, including individuals who are both self-employed and salaried, professionals, non-resident Indians, high-net-worth individuals, micro, small, and medium enterprises, sole proprietorships, partnerships, self-help groups, large corporates, trusts, associations, clubs and societies, government institutions and corporations, NGOs, and farmers, including small and marginal farmers, among others. As of 31st March 2025, the bank had more than 19 million customers.

For more details refer to page no 30-33.

IV. Employees

20. Details as at the end of Financial Year

a. Employees (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
	EMPLOYEES					
1.	Permanent (D)	15,545	8,969	57.70%	6,576	42.30%
2.	Other than Permanent (E)	566	279	49.30%	287	50.70%
3.	**Total employees (D + E)**	**16,111**	**9,248**	**57.40%**	**6,863**	**42.60%**

Note: "Employee" defined under Sec 2(l) of the Industrial Relations Code, 2020, includes Officers, Clerical and Sub Staff. To avoid duplication, Bank has not reported anyone under workers, though Clerical and Sub Staff may also qualify under the definition of worker.

b. Differently abled Employees:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
	DIFFERENTLY ABLED EMPLOYEES					
1.	Permanent (D)	15	8	53.33%	7	46.67%
2.	Other than Permanent (E)	-	-	-	-	-
3.	**Total employees (D + E)**	**15**	**8**	**53.33%**	**7**	**46.67%**

21. Participation/Inclusion/Representation of Women

S. No.	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	11	2	18.18%
Key Management Personnel	5	1	20.00%

Besides the Chairman, the Board comprises seven Non-Executive Independent Directors including one-woman Independent Director, a Managing Director & CEO and two Executive Directors including one-woman Executive Director.

22. Turnover rate for permanent employees (disclose trends for the past 3 years)

	FY'2024-25			FY'2023-24			FY'2022-23		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	4.70%	3.78%	4.32%	5.01%	4.89%	4.96%	7.09%	5.21%	6.32%

Turnover rate of permanent employees based on the exit type:

	FY'2024-25			FY'2023-24			FY'2022-23		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Voluntary	3.10%	2.90%	3.02%	2.95%	3.53%	3.19%	3.90%	3.54%	3.75%
Involuntary	1.60%	0.88%	1.29%	2.06%	1.36%	1.77%	3.19%	1.67%	2.57%
Total	**4.70%**	**3.78%**	**4.32%**	**5.01%**	**4.89%**	**4.96%**	**7.09%**	**5.21%**	**6.32%**

Voluntary exit includes resignation, VRS, etc. & Involuntary exit includes dismissal, retirement, or death while in service.

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. Name of holding/subsidiary/associate companies/joint ventures

Sl. No.	Name of the holding/ subsidiary/associate companies/joint ventures (A)	Indicate whether Holding/ Subsidiary/Associate/Joint Venture	% of shares held by the Bank	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the Bank (Yes/No)
1	Federal Operations and Services Limited	Subsidiary	100%	No
2	Fedbank Financial Services Limited	Subsidiary	61.03%	No
3	Ageas Federal Life Insurance Company Limited	Associate	26%	No

Equirus Capital Private Limited ceased to be an Associate with effect from November 15, 2024.

VI. CSR Details

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: **Yes**

(ii) Turnover: **₹ 30,166.50 Crore**

(iii) Net worth: **₹ 33,121.64 Crore**

VII. Transparency and Disclosure Compliances

25. Complaints/Grievances on any of the principles (Principle 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom compliant is received	Grievance Redressal Mechanism in place (Yes/No) (If yes, then provide web link for grievance redressal policy)	FY'2024-25			FY'2023-24		
		No. of complaints filed during the year	No. of complaints pending resolution at close of the year	Remarks	No. of complaints filed during the year	No. of complaints pending resolution at close of the year	Remarks
Communities	Yes	0	-	Nil	0	-	Nil
Investors (other than shareholders)	Yes	0	-	Nil	0	-	Nil
Shareholders	Yes	9	0	All complaints resolved	7	1	0/s complaint closed on 03rd April 2024 by NSE.
Employees and workers	Yes, the policy is made available on Bank's intranet and the same is accessible to internal stakeholders	6	0	Bank has initiated timely measures for an effective redressal of grievances	5	0	Bank has initiated timely measures for an effective redressal of grievances
Customers	Yes	1,74,310	5,005^		2,60,580	6,657#	
Value Chain Partners	Yes	-	-	-	-	-	-
Others	-	-	-	-	-	-	-

^All outstanding complaints are within the TAT

#Outstanding complaints are those received in the month of March. Around 99% of outstanding complaints are related to digital transaction disputes which has specific TAT for resolution.

Stakeholders can reach out to the Bank for any grievance redressal through the following options, based on the nature of grievance:

- https://www.federalbank.co.in/grievance-redressal
- https://www.federalbank.co.in/shareholder-information
- https://www.federalbank.co.in/documents/10180/45777/Environmental+and+Social+Management+system+%28ESMS%29+Policy+July.pdf/d8b4df0b-d6c6-9dfc-ff77-8903886bd541?t=1690350626600
- https://www.federalbank.co.in/documents/10180/45777/Policy+for+Redressal+of+Customer+Grievances.pdf/60eb733b-3d5b-40ee-9c7f-6cb2fc1b26ee?t=169579231649

26. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format:

Sl. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
Environment					
1	Climate Change	Risk	Climate change poses significant risks to our operations, lending portfolio, and overall financial stability. Rising global temperatures, extreme weather events, and shifting environmental regulations can result in: A) **Physical Risks:** Damage to Bank's physical infrastructure, branches, and data centres due to increased frequency and severity of natural disasters. B) **Transition Risks:** Changes in environmental regulations, technological advancements, and shifting market preferences towards a low carbon economy can impact the Bank's lending portfolio. C) **Liability Risks:** Potential legal and reputational risks arising from the Bank's lending and investment activities that contribute to climate change. D) **Reputational Risks:** Negative publicity and reputational damage from perceived inaction or inadequate response to climate-related issues.	The Bank restricts lending to high-impact sectors such as coal mining and is committed to phasing out coal-related exposure by 2030. Environmental and Social Due Diligence is conducted as part of credit assessments. Bank actively promotes in-house sustainability initiatives such as renewable energy usage, rainwater harvesting, and obtaining green building certifications. These efforts are supported by a broader focus on operational sustainability, climate-related financial disclosures, and environment-friendly CSR projects.	Negative
2	Product Innovation with ESG Impact / Sustainable Finance	Opportunity	Product innovation with ESG impact/ sustainable finance offers opportunities for revenue growth, competitive advantage and improved risk management. It also helps us to align with global commitments such as UNSDGs and Paris Agreement.		Positive
Social					
3	Human Capital Development & Employee Engagement	Opportunity	Effective human capital management can attract and retain top talent, reduce turnover rates, and develop future leaders, ultimately driving business growth and sustainability.		Positive
4	Community Development	Opportunity	Community Development presents opportunities for us to create shared value, driving business success while contributing to economic and social well-being around us. By investing in Community Development, we can enhance reputation, support business growth, and meet stakeholder expectations, ultimately strengthening social license to operate.		Positive

Sl. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
5	Financial Inclusion	Opportunity	Financial inclusion presents opportunities for us to expand our customer base, enhance reputation, and drive social impact by improving access to financial services for underserved populations. By promoting financial inclusion, we can unlock new revenue streams, innovate products and services, and ensure regulatory compliance, ultimately contributing to economic growth and societal well-being.		Positive
6	Digital Transformation	Opportunity	Digital transformation enables operational efficiency, improved customer experience, and competitive advantage. Increasing digital transactions expands customer engagement and reduces operational costs.		Positive
7	Customer Relationship Management	Risk	Ineffective grievance redressal can lead to customer dissatisfaction, regulatory penalties, and reputational damage. Timely and accurate resolution of complaints helps in maintaining trust and compliance.	Formed a robust Grievance redressal mechanism for handling customer complaints effectively and within the time frame stipulated by the regulator. Quality audit mechanism implemented to ensure that proper resolution is communicated to the customer within the prescribed TAT. It also ensures proper categorisation and to analyse the root cause of complaints to minimise the recurrence.	Negative
Governance					
8	Governance, Business Ethics, Transparency & Reporting	Risk	Governance-related lapses can negatively impact the institution's long term aspirations and visions, potentially causing stakeholder distrust, regulatory and compliance risks. Weak governance or ethical lapses may erode stakeholder trust and invite regulatory scrutiny.	The Bank ensures continuous improvement in its governance framework and institutionalizes integrity through robust systems and processes by observing regulatory guidelines and industry best practices. The Bank has various committees at the Board level that evaluate the grievances of both internal and external stakeholders.	Negative
		Opportunity	Proactive compliance improves governance, business ethics, transparency, and ESG position, making customers prefer banks that protect personal data privacy		Positive
9	Risk & Crisis Management	Risk	Ineffective risk management can lead to potential financial losses and erosion of capital, thereby impacting the financial stability of the Bank Instances of data breaches/cyber incidents affecting customer data may negatively affect trust, have regulatory implications, and cause reputation damage.	Bank has put in place three lines of defense model to ensure that calculated risks are taken and the same is managed within the Board approved Risk Appetite Limits. The Risk Management Framework is constantly strengthened based on emerging risks, business strategies, industry best practices and regulatory requirements. Risk Management Committee of the Board ensures that the Bank has suitable systems, policies and processes in place to identify, measure, manage and mitigate the risks. Following are the Cyber Security initiatives conducted by Bank: ● Preventive controls such as Data Leakage Prevention ● Adequate Access Controls (RBAC, Principle of Least Privilege) ● Encryption for protecting confidentiality ● Robust controls for data protection in both Bank's and third-party environments ● Securing Bank's data in cloud and third-party environments	Negative

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

Federal Bank's management disclosures demonstrate its integrated approach to ESG, with Board-approved policies covering all NGRBC principles. Bank's governance framework ensures regular policy reviews, structured stakeholder engagement, and continuous monitoring of ESG risks. Dedicated committees oversee the implementation of responsible business practices, while transparent processes support adaptation and improvement in line with stakeholder feedback.

Highlights

9 NGRBC

Principles covered by Board-approved policies

Relevant SDGs:



Policies linkage with respective NGRBC Principles:

PRINCIPLE-1 1,2,3,4,5,6	**PRINCIPLE-2** 7,8,9	**PRINCIPLE-3** 9,10,11
PRINCIPLE-4 1,12,13,14,15,16,17	**PRINCIPLE-5** 7,8,9,18,19	**PRINCIPLE-6** 7,8,9,12
PRINCIPLE-7 5,9	**PRINCIPLE-8** 9,12,18	**PRINCIPLE-9** 1,14,20,21,22,23

Corporate Policies:

1. Policy on combating financial crime
2. Anti-Bribery and Corruption Policy
3. Policy for Determination of Material Subsidiary
4. Policy on related party transactions
5. Code of Corporate Governance and Code of Conduct for the Board of Directors and Management
6. Tax compliance Policy
7. Environmental and Social Management system (ESMS) Policy
8. Supplier code of conduct
9. ESG Policy
10. Diversity, equity and inclusion policy
11. Protected Disclosure Scheme (PDS) / Whistle Blower policy
12. Corporate Social Responsibility Policy
13. Settlement of claims
14. Customer Compensation Policy
15. Policy on lending to MSME
16. Policy for resolution of loans of Individuals and Small Businesses
17. Code of Bank's Commitment to Micro and Small Enterprises (MSE 2015)
18. Policy on Doorstep Banking services for Senior Citizens and differently abled person
19. Policy on Customer Service
20. Policy for Redressal of Customer Grievances
21. Customer Rights Policy
22. Policy on Customer Protection - Limiting Liability of Customers in Unauthorized Electronic Banking Transaction (to be read in conjunction with the Customer Compensation policy and Customer Grievance Redressal policy)
23. Code of Bank's Commitment to Customers

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Policy and management processes									
1. a. Whether the Bank's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
c. Weblink of the policies, if available	Policies mentioned above have been linked with NGRBC Principles. All the Policies can be accessible from Bank's website. Link								
2. Whether the Entity has translated the policy into procedures. (Yes/No)	Yes								
3. Do the enlisted policies extend to the Entity's value chain partners? (Yes/No)	Yes. ESG policy of Bank covers the key aspects to be complied with by relevant value chain partners.								
4. Name of the national and international codes/ certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by the Bank and mapped to each principle.	Bank has adopted a range of national and international standards and frameworks to strengthen its environmental, social, and governance (ESG) practices. These include: ▪ International Finance Corporation (IFC) Performance Standards: Applied for Environmental and Social (E&S) due diligence of borrowers, ensuring responsible lending practices. ▪ ISO 22301:2019 – Business Continuity Management System (BCMS): Ensures operational resilience and continuity of critical banking services. ▪ ISO 27001:2022 – Information Security Management System (ISMS): Implemented to safeguard Bank's information assets and systems. ▪ PCI DSS Compliance: Achieved for the card ecosystem, ensuring secure handling of cardholder data. ▪ IGBC Green Interiors Certification: Obtained for select premises, promoting resource-efficient and sustainable workplace environments.								
5. Specific commitments, goals and targets set by the Bank with defined timelines, if any.	▪ Bank has committed not to do fresh lending to certain sectors which has significant E&S risks as detailed in the ESMS policy. ▪ Bank has committed to reducing its coal-related sub-project exposure to 50% by December 2025 (against the baseline of March 2021) and NIL by December 2030. ▪ Bank intends to grow its green portfolio to ₹13,000 Crore by December 2025. ▪ 500KW of in-house solar power generation capacity by March 2025.* ▪ Reach One Lakh litre of water conservation capacity by March 2025.* ▪ Finance at least 10.00L women entrepreneurs through BC Channel by March 2028.* ▪ At least 10% of Bank premises to be green certified by March 2028. ▪ We aim to maintain a gender diversity ratio of 40% or above at all times.								
6. Performance of the Entity against the specific commitments, goals and targets along with reasons, in case the same are not met.	▪ Fresh loans to exclusion list activities are restricted as per the ESMS framework. ▪ Coal-related sub-project exposures as on March 31, 2025, stood at 0.39% of gross advances. (March 2021 baseline is 3.49% of the gross advances). ▪ Bank's green lending portfolio is at ₹9,280 Crore as on March 31, 2025. ▪ Bank has added 150KW rooftop solar capacity during the year. Bank has 530KW of solar power generation capacity as of March 31, 2025. ▪ Bank has added a storage capacity of 10,000 litres for rainwater harvesting during the year. Bank has 1,28,500 litre capacity of rainwater harvesting units in its various offices as of March 31, 2025. ▪ 12.45 L Women entrepreneurs financed through the BC channel as of March 2025. ▪ 2.59% of our premises are Green Certified as of March 31, 2025. ▪ Bank's present gender diversity ratio is 42.60%								

**Following the successful attainment of our ESG targets, we have revised our commitments to further advance our sustainability journey. The revised targets are outlined on pages (refer page no: 58-59).*

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9

Governance, leadership and oversight

7. Statement by Director, responsible for the Business Responsibility Report, highlighting ESG related challenges, targets and achievements

Statement by Sudarshan Sen, Chairman of Risk Management Committee of the Board

At Federal Bank, we acknowledge the importance of embracing responsible business practices that harmonize economic growth with social and environmental well-being. Our dedication to sustainability is deeply ingrained in our corporate values, as embodied in the CARES framework.

The Board of Directors drives the sustainability strategy, with the Risk Management Committee (RMC) of the Board overseeing our sustainability endeavours, ensuring that our business practices are environmentally conscious, socially responsible, and economically viable. The Board has established comprehensive policies to guide the Bank's sustainability efforts. These policies provide a robust framework for promoting sustainable practices and mitigating a range of risks.

Throughout the year, we made significant progress in implementing our sustainability strategy, focusing on reducing our carbon footprint and enhancing our GHG emission measurement. A key milestone was the pilot project to evaluate the emissions of our lending portfolio using the PCAF methodology across various asset categories. Although the project was based on a limited dataset, it helped identify gaps and areas for improvement. We would start disclosing our financed emissions in a phased manner as we develop suitable systems and frameworks.

Another major milestone in our sustainability journey during the financial year was our stakeholder engagement as part of Materiality Assessment Survey. We undertook a Materiality Assessment Survey, engaging with a diverse range of internal and external stakeholder groups. The assessment was based on a robust sample, carefully determined to ensure representative participation and meaningful feedback. The details of the process adopted and our strategies and plans against each of the material topics identified are provided in Materiality Assessment section of the Annual Report (refer page no 52-55).

The Bank has garnered several prestigious awards across various ESG categories, which can be found in the 'Awards & Accolades' section (refer page no 10-11) in the Annual Report.

We have made significant public commitments to Environmental, Social, and Governance aspects. Our performance against these commitments is transparently reported in the ESG Dashboard section of our Annual Report (refer page no. 58-59).

We acknowledge that our sustainability journey is an ongoing one, and we shall continue to face challenges and opportunities in our pursuit of responsible business practices. Measuring the impacts and outcomes of ESG requires a long-term perspective. Unlike financial metrics, which can be quantified and reported in near time, ESG impacts often unfold over several years. That said, our commitment to ESG has yielded encouraging results, demonstrating the effectiveness of our initiatives.

I would like to express my appreciation to our employees, customers, investors, and partners for their support and collaboration in our sustainability efforts. Together, we can create a more sustainable and responsible future for all.

8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).	Name: Damodaran C Designation: Chief Risk officer
9.	Does the Bank have a specified Committee of the Board/Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes. The Risk Management Committee (RMC) of the Board oversees Environmental, Social and Governance (ESG) aspects in both its own operations and lending operations. All the policies related to ESG/ESMS are approved by the Board. The risks associated with the lending operation are duly factored under ESMS policy and ESG Policy assesses the organization's business practices and performance on various sustainability and ethical issues. Bank is also having an executive-level E&S committee headed by MD&CEO which oversees both ESG and ESMS aspects and reports to RMC of the Board Quarterly. Refer to Page 142 of the Annual Report for detailed composition and roles of the Risk Management Committee.

10. Details of review of NGRBCs by the Bank:

Subject for review	Indicate whether review was undertaken by Director/ Committee of the Board/any other Committee									Frequency (Annually/Half yearly/Quarterly/Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	All the policies are reviewed and approved by the Board on an annual basis. Some of the policies are reviewed first by the sub-committees of the Board and thereafter placed to the Board for approval																	
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	The principles are meticulously followed to build up the faith and trust of shareholders, customers, employees, and the market, thus providing a competitive advantage in the industry. Bank conducts the business in accordance with the statutory and regulatory guidelines to the satisfaction of all our stakeholders. The policies are developed and aligned to applicable compliance requirements, RBI norms and guidelines, requirements of listing agreements with stock exchanges, or Bank's internal requirements and best practices, which are reviewed periodically.																	

11. Has the entity carried out independent assessment /evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide the name of the agency.	P1	P2	P3	P4	P5	P6	P7	P8	P9
					No				

12. If answer to question (1) above is 'No' i.e. not all Principles are covered by a Policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the Principle material to its business (Yes/No)									
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)					NA				
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

SECTION C: PRINCPLE WISE PERFORMANCE DISCLOSURE

Principle 1:

Businesses should conduct and govern themselves with integrity and in a manner that is Ethical, Transparent and Accountable.

Essential Indicator:

Federal Bank maintains the highest standards of corporate governance through comprehensive policies and frameworks. Bank has implemented a robust Anti-Bribery and Corruption policy establishing consistent standards for day-to-day operations. Training and awareness programs cover all principles with systematic monitoring of compliance. Bank ensures transparency through proper grievance mechanisms and maintains accountability through regular assessments and corrective actions.

Highlights

95.58%
Employee covered under training and awareness programmes

Zero
Zero cases on Bribery/ Corruption during the year

1.43
Days of accounts payables

SDG



Stakeholders:

Shareholders & Investors, Employees, Government & Regulatory Bodies, Vendors & Service Providers

Material Topics:

Governance, Business Ethics, Transparency & Reporting, Risk & Crisis Management, Financial Inclusion

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	13	Principles 1,2,3,4,6,7 and 8	100%
Key Managerial Personnel	15	Principles 1,2,3,4,6,7 and 8	100%
Employees other than Board of Directors and KMPs	346	All 9 Principles	95.58%

Details of familiarisation Programmes provided for Independent Directors of the Bank during FY 2024-25 can be accessed from our website: Link

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

	Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	P1	RBI	₹27,30,000/-	Reserve Bank of India has imposed the penalty on Bank for failure to comply with the provisions of Section 28 (h), read with Schedule-I of Reserve Bank of India (Interest Rate on Deposits) Directions, 2016	No

	Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
	P1	Puducherry Goods & Services Tax (GST) Department	₹42,608/-	An Order in Original under Section 73 of Central Goods & Services Tax (CGST) Act, 2017	Yes
	P1	Department of Trade and Taxes, GNCTD, New Delhi	₹2,00,000/-	An Order in Original under Section 73 of Central Goods & Services Tax (CGST) Act, 2017	Yes
	P1	Deputy Commissioner of State Tax (GST), Guwahati, Assam	₹8,00,392/-	An order in original under Section 73 of Central Goods & Services Tax (CGST) Act, 2017	Yes
	P1	Deputy Commissioner of State Tax (GST), Mazgaon, Maharashtra	₹13,87,029/-	An order in original under Section 73 of Central Goods & Services Tax (CGST) Act, 2017	Yes
	P1	Office of Superintendent, Punjab	₹14,95,166.98/-	A DRC 07 order from the Central GST, Amritsar, Punjab	Yes
	P1	Office of the Principal Commissioner, Central Board of Indirect Taxes and Customs, Kochi, Kerala	₹10,46,59,172/-	An order in original under Section 74 of CGST Act, 2017	Yes
	P1	Office of: Assistant Commissioner Jurisdiction: Ward 206: Zone 11: Delhi	₹29,82,737/-	Demand (DRC-07) Order under Section 73 (DRC 07)	Yes
Settlement	-	-	-	-	-
Compounding fee	-	-	-	-	-

	Monetary			
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	-	-	-	-
Punishment	-	-	-	-

3. Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
In all the cases related to GST, Bank has filed an appeal before the appellate authority well within the prescribed time limit.	1. Puducherry Goods & Services Tax (GST) Department 2. Department of Trade and Taxes, GNCTD, New Delhi 3. Deputy Commissioner of State Tax (GST), Guwahati, Assam 4. Deputy Commissioner of State Tax (GST), Mazgaon, Maharashtra 5. Office of Superintendent, Punjab 6. Office of the Principal Commissioner, Central Board of Indirect Taxes and Customs, Kochi, Kerala 7. Office of: Assistant Commissioner Jurisdiction: Ward 206: Zone 11: Delhi

4. Does the Bank have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy

Yes.Bank has implemented a comprehensive Anti-Bribery and Corruption policy that establishes consistent and effective standards to be adhered to in the conduct of its day-to-day operations.

The policy can be accessed through the following link: Anti-Bribery and Corruption Policy

5. Number of Directors/KMPs/employees against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY'2024-25	FY'2023-24
Directors	Nil	Nil
KMPs		
Employees		
Workers		

6. Details of complaints with regard to conflict of interest

	FY'2024-25		FY'2023-24	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	NIL	NIL	NIL	NIL
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	NIL	NIL	NIL	NIL

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflict of interest.

Not Applicable

8. Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format: (🛡)

	FY'2024-25	FY'2023-24
Number of days of accounts payables	1.43	28.00

During FY25, the Bank improvised the logic to identify vendor related payables from other payables.

9. Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format: (🛡)

Parameter	Metrics	FY'2024-25	FY'2023-24
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	Not Applicable	
	b. Number of trading houses where purchases are made from		
	c. Purchases from top 10 trading houses as % of total purchases from trading houses		
Concentration of Sales	a. Sales to dealer / distributors as % of total sales		
	b. Number of dealers / distributors to whom sales are made		
	c. Sales to top 10 dealers / distributors as % of total sales to dealer / distributors		
Share of RPTs in	a. Purchases (Purchases with related parties as % of Total Purchases)	0.97%	0.97%
	b. Sales (Sales to related parties as % of Total Sales)	1.10%	1.06%
	c. Loans & advances given to related parties as % of Total loans & advances	0.66%	0.57%
	d. Investments in related parties as % of Total Investments made	1.35%	1.49%

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topics/principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
2	Cyber Security[1]	-
2	ESG Assessment of Value chain partners[2]	-

Note1: All employees of the vendors who are stationed at the Bank's premises and have access to Banks's system or network are provided with the training on aspects such as information security, safe internet practices, password management etc.

Note 2 : Conducted Value Chain capacity building for BRSR alignment for our top value chain partners.

2. Does the entity have processes in place to avoid/manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same.

Yes, the Code of Corporate Governance and Code of Conduct for the Board of Directors and Management covers processes to avoid/manage conflict of interests. The Code can be accessed through the following link:

Code of Corporate Governance

Conflict of interest scenarios primarily arise when there is a related party transaction. Bank also has a Board-approved Policy on Related Party Transactions which can be accessed through the link provided below:

Policy on Related Party Transactions

During FY 2024-25, Bank has not entered into any materially significant transactions with its Directors or Relatives of the Directors, which could lead to a potential conflict of interest between Bank and these parties.

All the members of the Board of Directors and Senior Management Personnel of Bank have affirmed compliance with the said Codes as applicable to them for FY 2025.

Conflicts of interest relating to:	Number
Total number of incidents	Nil
Cross-board membership	Nil
Cross-shareholding with suppliers and other stakeholders	Nil
Existence of controlling shareholders	Nil
Related parties, their relationships, transactions, and outstanding balances	Nil

Principle 2:

Business should provide goods and services in a manner that is sustainable and safe

Federal Bank integrates sustainability into its service delivery through responsible banking practices. Bank has established a Supplier Code of Conduct and Sustainable Procurement Policy governing all procurement decisions. While Extended Producer Responsibility is not applicable to banking services, Bank encourages sustainable sourcing and environmentally responsible practices across its operations.

Highlights

IGBC
Certification obtained for select premises

Policy
On Sustainable Procurement

SDG



Stakeholders:

Ecosystem & Society, Government & Regulatory Bodies

Material Topics:

Product Innovation with ESG Impact / Sustainable Finance

Essential Indicator:

1 Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of products and processes to total R&D and capex investments made by the entity, respectively.

Segment	FY'2024-25	FY'2023-24	Details of improvements in environmental and social impacts
R & D	Not Applicable	Not Applicable	
Capex	2.29%	7.83%	During the reporting period, Bank invested in several initiatives aimed at enhancing environmental sustainability. These included rooftop solar installations, rainwater harvesting systems, procurement of energy-efficient equipment, installation of IOT based power saving device for ACs in ATM, and obtaining IGBC (Indian Green Building Council) certification for select premises.

2. **a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

Yes. Bank has established a Supplier Code of conduct that requires suppliers to adhere to comply with laws pertaining to human rights, labor, health and safety, sustainability, environment, and ethics. Additionally, Bank has a Board-approved Sustainable Procurement Policy that governs procurement decisions and processes.

b. If yes, what percentage of inputs were sourced sustainably?

Currently, Bank does not capture the details of vendors certified under various environmental standards. As we progress in our ESG journey, we will make efforts to capture data on sustainable suppliers.

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

(a) Plastics (including packaging) (b) E-waste (c) Hazardous waste (d) other waste.	As a financial service provider, our products and services are designed to minimize the use of plastic, E-waste, and other forms of waste. The primary source of plastic waste from our offices is the plastic pouches used for the secure storage of gold ornaments pledged with us. Additionally, both plastic and paper waste generated at our branches and offices are systematically collected and disposed of through coordinated arrangements with the respective local Corporations, Municipalities, or Panchayats, ensuring environmentally sound waste management practices. The Bank has established a centralized and robust E-waste management system that enables effective identification of E-waste generated across its branches and offices. All identified E-waste is responsibly handed over to authorized E-waste management agencies in compliance with the E-Waste (Management) Rules, 2022.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

Extended Producer Responsibility (EPR) is not applicable to the entity's activities.

Leadership Indicators

1. **Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

NIC Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
Life Cycle Assessment of products is not applicable for Bank's products and services.					

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

Name of Product / Service	Description of the risk / concern	Action Taken
Life Cycle Assessment of products is not applicable for Bank's products and services.		

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Indicate input material	Recycled or re-used input material to total material	
	FY'2024-25	FY'2023-24
Considering the nature of operation, the above Leadership Indicator is not material to banking Industry. However, Bank is committed to reducing the usage of plastic and paper in its operation		

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY'2024-25			FY'2023-24		
	Re-used	Recycled	Safely Disposed	Re-used	Recycled	Safely Disposed
Plastics (including packaging)	Not Applicable considering the nature of the Bank's operations					
E-waste						
Hazardous waste						
Other waste						

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
The Leadership Indicator is Not Applicable considering our nature of operations.	

Principle 3:

Business should respect and promote the wellbeing of all employees, including those in their value chains

Federal Bank prioritizes employee wellbeing through comprehensive measures including medical insurance, retirement benefits, and accessibility provisions. Bank maintains a Diversity, Equity, and Inclusion Policy ensuring equal opportunities. Robust grievance mechanisms including the Federal Bank Employee's Grievance Redressal Forum and Sexual Harassment Prevention policies create a safe working environment for all employees.

Highlights

100%
Permanent Employees covered under insurance benefits

>95%
Employees Trained

99.58%
Female return to work after Maternity leave

SDG



Stakeholders:

Employees, Vendors & Service Providers

Material Topics:

Human Capital Development & Employee Engagement

Essential Indicator:

1. A. Details of measures for the well-being of employees:

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	8969	8969	100%	8969	100%	-	-	8969	100%	1334	14.87%
Female	6576	6576	100%	6576	100%	6576	100%	-	-	909	13.82%
Total	**15545**	**15545**	**100%**	**15545**	**100%**	**6576**	**42.30%**	**8969**	**57.70%**	**2243**	**14.43%**
Other than Permanent employees											
Male	279	123	44.08%	274	98.20%	-	-	-	-	-	-
Female	287	105	36.58%	287	100%	287	100%	-	-	-	-
Total	**566**	**228**	**40.28%**	**561**	**99.11%**	**287**	**50.70%**	**-**	**-**	**-**	**-**

1. c. Spending on measures towards well-being of employees (including permanent and other than permanent) in the following format ()

	FY'2024-25	FY'2023-24
Cost incurred on wellbeing measures as a % of total revenue of the Bank	0.39%	0.39%

2. Details of retirement benefits, for Current and Previous Financial Year.

Benefits	FY'2024-25		FY'2023-24	
	No. of employees covered as a % of total employees	Deducted and deposited with the authority (Y/N/N.A.)*	No. of employees covered as a % of total employees	Deducted and deposited with the authority (Y/N/N.A.)
PF/Pension/NPS	96.48%	Y	96.36%	Y
Gratuity	96.48%	Y	96.36%	Y
ESI	NA	NA	NA	NA
Others- Leave Encashment	96.48%	NA	96.36%	NA

**Bank has a separate Provident Fund Trust and Gratuity Trust.*

3. Accessibility of workplaces

Are the premises/offices of the Bank accessible to differently abled employees, as per the requirements of the Rights of Persons 3with Disabilities Act, 2016? If not, whether any steps are being taken by the Bank in this regard.

Branches and offices are generally designed to provide easy access for differently abled employees. Employees with differing abilities are assigned to branches and offices equipped with the necessary facilities.

4. Does the Bank have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Bank is committed to fostering a culture of diversity, equity, and inclusion that empowers all employees to bring their authentic selves to work and fully contribute their knowledge, experience, and perspectives to deliver unparalleled value to all stakeholders. Bank acknowledges that employees have varying access to resources and privileges and is actively taking steps to ensure each employee receives the unique support necessary to access opportunities within the organization.

The Diversity, Equity, and Inclusion Policy (the 'DE&I Policy') articulates Federal Bank's commitment to maintaining a workplace free from discrimination. The policy also outlines Bank's expectations, emphasizing that every employee is responsible for adhering to and upholding its principles. The policy is accessible at – Diversity, Equity and Inclusion Policy.

5. Return to work and Retention rates of permanent employees that took parental leave.

Gender	Permanent Employees	
	Return to work rate	Retention Rate
Male	100%	98.46%
Female	99.58%	97.19%
Total	**99.84%**	**97.93%**

6. Is there a mechanism available to receive and redress grievances for the following categories of employees? If yes, give details of the mechanism in brief.

	Yes/No (If yes, then give details of the mechanism in brief)
Permanent employees	Yes, Employees can raise their workplace grievances to Employee Grievance Redressal Forum that comprises of the two Senior executives of Bank and one external expert.
Other than permanent employees	Yes, Employees can raise their workplace grievances to Employee Grievance Redressal Forum that comprises of the two Senior executivesof Bank and one external expert..

7. Membership of employees in association(s) or Unions recognised by the listed entity:

Category	FY'2024-25			FY'2023-24		
	Total employees in respective category (A)	No. of employees in respective category, who are part of association(s) or Union (B)	%(B/A)	Total employees in respective category (C)	No. of employees in respective category, who are part of association(s) or Union (D)	%(D/C)
Total Permanent Employees	**15,545**	**10,413**	**66.99%**	**14,658**	**9,685**	**66.07%**
-Male	8,969	5,791	64.57%	8,544	5,423	63.47%
-Female	6,576	4,622	70.28%	6,114	4,262	69.71%

8. Details of training given to employees:

Category	FY'2024-25					FY'2023-24				
	Total (A)	On health and safety measures		On skill upgradation		Total (D)	On health and safety measures		On skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
					Employees					
Male	9,248	9,050	97.86%	9,076	98.14%	8,780	7,915	90.15%	8,037	91.54%
Female	6,863	6,304	91.85%	6,324	92.15%	6,432	5,773	89.75%	5,802	90.21%
Total	**16,111**	**15,354**	**95.30%**	**15,400**	**95.59%**	**15,212**	**13,688**	**89.98%**	**13,839**	**90.97%**

9. Details of performance and career development reviews of employees:

Category	FY'2024-25			FY'2023-24		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
			Employees			
Male	9,248	8,972	97.02%	8,780	8,439	96.12%
Female	6,863	6,613	96.36%	6,432	6,046	94.00%
Total	**16,111**	**15,585**	**96.74%**	**15,212**	**14,485**	**95.22%**

10. Health and Safety Management System:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

Yes. The Bank's Occupational Health and Safety Policy forms an integral part of its ESG Policy. While the nature of banking operations presents limited occupational health and safety risks, the Bank has implemented several measures to promote workplace safety and awareness. These measures are embedded into the organizational culture through regular workshops, training sessions, mock drills, and internal communications, ensuring that all employees are familiar with safety protocols and can respond effectively in emergencies.

The Bank has also adopted a Business Continuity Management System, accredited under ISO 22301, supported by detailed Standard Operating Procedures (SOPs) to safeguard employee well-being. Key initiatives include:

a. Nomination of an Emergency Response Team at all administrative location

b. Installation of access control systems and physical security based on risk assessments

c. Periodic training on fire safety, firefighting, and evacuation procedures

d. Medical emergency response training in collaboration with reputed hospitals

e. Regular communication to employees to raise awareness on safety practices

f. Issuance of advisories during adverse weather conditions to protect life and property

g. Routine fire and evacuation mock drills

h. Integration of a safety incident reporting module in the Bank is in progress

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Though work-related hazards are minimal due to the nature of business, an annual review to identify risks is carried out and the required risk mitigation measures are adopted. In addition, Bank has nominated Emergency Response Teams which is responsible for identifying risks/ hazards on a non-routine basis and initiating immediate steps for removal or mitigation of the risks. Some of the risk mitigation measures which Bank has put in place include –

a. Access control systems for administrative offices and secure facilities.

b. CCTV linked to a Central Remote Monitoring Centre which carries out e-surveillance 24x7.

c. Deployment of security guards as per risk assessment.

d. Fire alarm system consisting of smoke and heat detectors and alert mechanism.

e. Branch and Office audits are conducted on a routine basis by security officers to identify and mitigate safety issues, if any. Vendor inspections are also carried out on regularly for Fire Safety systems, Access Control systems and Electronic Safety systems.

f. Workplace related safety incidents are reported by branches/offices on occurrence to concerned stakeholders. Post incident, investigation is carried out for Root Cause Analysis determination and corrective action if required.

c. Whether you have processes for workers to report work related hazards and to remove themselves from such risks. (Y/N)

Not Applicable

d. Do the employees of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes. Bank has in place a Medical Insurance Scheme to address the non-occupational medical and healthcare needs of its employees. Employees are educated about this during the induction, and the scheme details are made available on Bank's internal portal for ready reference.

11. Details of safety related incidents, in the following format: ()

Safety Incident /Number	Category	FY'2024-25	FY'2023-24
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0.057	0.029
Total recordable work-related injuries	Employees	2	1
No. of fatalities	Employees	NIL	NIL
High consequence work-related injury or ill-health (excluding fatalities)	Employees	NIL	NIL

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

The Bank continuously enhances its policies and processes to ensure a safe and healthy workplace for its employees. It has adopted the Business Continuity Management System under the ISO 22301 framework and implemented several risk mitigation measures. These include periodic internal communications and safety alerts, awareness sessions, and mock drills conducted across major premises to maintain safety standards. Crisis Management Teams are established at the Head Office and all Zonal Offices.

To promote employee well-being, the Bank organizes preventive wellness programs, campaigns, and webinars in collaboration with hospitals and other organizations. Employees above the age of 40 and their spouses are eligible for reimbursement of annual health check-up costs.

Recognizing the importance of mental health, the Bank continues to offer SMILES, an employee counselling program, along with doctor e-consultation services for employees and their families.

13. Number of Complaints on the following made by employees:

	FY'2024-25			FY'2023-24		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Working Conditions	NIL	NIL	-	NIL	NIL	-
Health & Safety	NIL	NIL	-	NIL	NIL	-

14. Assessments for the year:

	% of plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	During the past two years, Bank has conducted electrical inspections at 884 locations. Corrective actions in the form of rectification works are performed on the premises whenever required.
Working Conditions	-

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

There were no major work and safety-related incidents reported during the fiscal. Bank has ensured a safe working atmosphere for all its employees and safety of the employees is paramount to Bank.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of Employees (Y/N).

Yes (for Permanent Employees).

Bank has instituted several initiatives to support the families of employees in the unfortunate event of their demise.

"Diya" is a compassionate initiative designed to address the immediate financial needs of the bereaved family. In the event of an untimely demise of an employee, a nominal contribution from every serving employee, along with a matching contribution from Bank, is pooled and handed over to the deceased employee's family.

A Group Personal Accident Insurance policy is also in place to provide coverage for accidental death. The premium for this policy is fully borne by Bank, and the insured sum is paid to the dependents in case of accidental death while in service.

Additionally, the Compassionate Payment Scheme offers an ad hoc payment of a fixed amount to the family of the deceased employee. This is intended to provide immediate financial relief to help cover funeral and other related expenses.

2. Provide the measures undertaken by the entity to ensure payment of statutory dues by the value chain partners.

The Bank ensures that statutory dues applicable to the transactions within the remit of the Bank are deducted and deposited in accordance with extant regulations. The Bank also sets clear expectations with vendors and suppliers through its Supplier Code of Conduct documents. Preferences are given for the Suppliers who comply with the Supplier Code of Conduct over other firms with similar competence.

3. Provide the number of employees having suffered grave consequences due to work-related injury/ill-health/fatalities (as reported in Q11 of Essential Indicators above), who are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total No. of affected employees		No. of employees that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY'2024-25	FY'2023-24	FY'2024-25	FY'2023-24
Employees	0	0	0	0

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

Yes. Bank provides a wide range programs such as leadership development programs, mentoring, executive coaching etc. to build a future-ready workforce. Odyssey is an exclusive program dedicated to helping employees nearing retirement for preparing for a change in life as well as providing them with various financial (like tax planning) and well-being support.

Bank also contributes 60% of the premium for medical insurance for all retired employees .

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices Working Conditions	Vendor onboarding is mandatory in case of all vendors engaged by the Bank. Assessment of the ESG preparedness of the Vendor is done (at the time of vendor onboarding) along with Risk/Materiality assessment and vendor due diligence based on the internal policy guidelines. Bank follows a scoring-based method for Risk/Materiality/ESG assessments to decide whether a vendor is suitable or not.

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

There were no work and safety-related incidents reported during the fiscal from our value chain partners.

Principle 4:

Business should respect the interests of and be responsive to all its stakeholders

Federal Bank follows a structured approach for stakeholder identification and engagement as outlined in its Code of Corporate Governance. Six key stakeholder groups are identified: Shareholders & Investors, Customers, Vendors & Service Providers, Employees, Ecosystem & Society, and Government & Regulatory Bodies. Regular consultation processes ensure stakeholder feedback is incorporated into policies and business decisions.

Highlights

6

Key stakeholder groups identified

SDG



Stakeholders:

Shareholders & Investors, Employees, Customers, Government & Regulatory Bodies, Ecosystem & Society, Vendors & Service Providers

Material Topics:

Community Development, Financial Inclusion, Digital Transformation, Governance, Business Ethics, Transparency & Reporting Risk & Crisis Management

Essential Indicator:

1. Describe the processes for identifying key stakeholder groups of the Entity.

Bank follows a structured and strategic approach for the identification and prioritization of its stakeholder groups. In line with its commitment to ethical governance and inclusive decision-making, Bank's Code of Corporate Governance and the Code of Conduct for the Board of Directors and Management outline clear guidance for engaging with stakeholders and balancing their interests in all strategic and operational decisions.

As per the policy, Bank has identified six key stakeholder groups:

a. Shareholders and Investors

b. Customers

c. Vendors and Service Providers

d. Employees

e. Ecosystem and Society

f. Government and Regulatory Bodies

Bank strives to maintain ongoing, transparent, and responsive engagement with each stakeholder group, ensuring that their concerns are addressed in a timely and responsible manner.

2. List stakeholder groups identified as key for the Bank and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as vulnerable & marginalised group (Yes/No)	Channels of communication (Emails, SMS, Newspapers, Pamphlets, Advertisements, Community Meetings, Notice Board, Website, Others)	Frequency of engagement (Annually, Half yearly, quarterly /others- please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Shareholders & Investors	No	• General meetings/ Postal Ballot • Stock Exchange filings • Media– Print and digital • Email to stakeholders • Website publications/ announcements • Investors meets • Analyst meets/ Earnings calls	Frequent, Need-based, Quarterly and Annually	Bank regularly provides updates on developments related to its business activities, new initiatives and schemes, quarterly and annual audited financial results, annual reports, and investor presentations
Employee	No	• Town Hall meet • Branch visits • Quarterly calls by top management • Employee engagement platform • Circulars and emails communications • Training programme	Frequent and need based	To foster the exchange of ideas and suggestions, ensure merit-based opportunities for professional growth, and promote an inclusive and equitable workplace
Customers	Yes	• Customer visits & meets • Social media/ digital communications • Customer surveys • Customer care channels • Website publishing	Frequent and need based	Business-related discussions are conducted to raise awareness about products and services, promote safe banking practices, and address customer grievances through effective redressal mechanisms.
Government & Regulatory Bodies	No	• Various Inspections by the regulators • Submission of periodical reports/ returns • Meetings– Physical and Digital • Stock Exchange filings	Frequent and need based	Discussions focus on various regulations and amendments, internal policies and processes, as well as corporate governance and compliance standards to ensure alignment with legal and ethical requirements.
Ecosystem and Society	Yes	• Meeting various communities/ vulnerable groups through CSR initiatives • Improving ecosystems through various CSR activities • Meeting with associations/ NGOs	Need-based	Support is provided for CSR projects, financial inclusion initiatives, and other relevant matters impacting the communities.
Vendors, and Service Providers	No	• Assessment of suppliers and vendors • Email communication and calls • Project review meeting	Frequent and need based	Business related discussions, Techno-commercial discussions, grievance redressal.

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The consultation with different stakeholders happens at different levels from branches/ offices and departments to Senior Management. For example, Customer Service Committee is held in all branches at periodic intervals. Customers can share their opinions, comments, feedback, concerns etc in such committees. The outcome of such meetings is consolidated centrally at the corporate level. An executive-level 'Standing Committee on Customer Service' ensures implementation of various initiatives/ guidelines related to customer service. The Board level, Customer Service, Marketing Strategy, and Digital Banking Committee' reviews the Bank's customer service aspects on an overall basis and reports to the Board of Directors thereafter. Similarly, each stakeholder group is mapped to functional owners who act as the first line of contact. The details of consultation with the stakeholders including their inputs and feedback are monitored by the

management through functional departments/ executive-level committees. The departments/ executive-level committees ensure that the feedback from the stakeholders is communicated to the Board level committees/ Board as the case may be.

In addition to ongoing consultations, Bank conducted a comprehensive materiality assessment through structured engagement with internal stakeholders (employees, senior management, and the Board) and external stakeholders (customers, vendors, and investors). For further details on Materiality Assessment conducted, kindly refer Materiality Assessment - Page no. 52-55 in Annual Report.

The table below details the Board level and Executive level authorities who has specific KPIs related to engagement with the key stakeholders.

Key Stakeholder	Board Level Committee	Key Functional Department/ Authority
Shareholders & Investors	• Stakeholders Relationship Committee • Credit, Investment & Raising Capital Committee	• Secretarial Department • Investor Relations
Customers	• Customer Service, Marketing Strategy and Digital Banking Committee • Review Committee of the Board on Non-Cooperative Borrowers and Identification of Wilful Defaulters • Special Committee of the Board for monitoring and follow up of cases of frauds • Credit, Investment & Raising Capital Committee	• Service Quality Department • Business Departments • LCRD • Credit Monitoring Department • Vigilance Department • Credit Hubs/Business Department/Treasury/LCRD
Employees	• Human Resources Committee of the Board • Nomination, Remuneration, Ethics and Compensation Committee	• HR Department
Government and regulatory bodies	• Risk Management Committee • Audit Committee • Nomination, Remuneration, Ethics and Compensation Committee	• Compliance Department • Internal Audit Department • Integrated Risk Management Department • HR Department
Vendors and Service Providers	• Information Technology & Operations Committee • Risk Management Committee • Audit Committee	• Service Provider Review Committee • Various Project Steering Committees • Corporate Services Department • Information Technology Department
Ecosystem & Society	• Corporate Social Responsibility Committee • Stakeholders Relationship Committee • Risk Management Committee	• CSR Department • E&S Committee

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, our bank conducts Materiality Assessments to identify and prioritize environmental, social, and governance (ESG) topics that are material to our business. These assessments incorporate inputs from various stakeholders. The insights gathered from these stakeholders are integrated into our policies and processes, where material, to ensure that our business practices align with their expectations and concerns.

For more information on Materiality Assessment conducted in FY25, you may refer the section "Materiality Assessment - Page no. 52-55" in our Annual report.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

The Bank remains committed to the principles of financial inclusion, with a particular focus on the empowerment and upliftment of women from marginalized and underserved communities. Guided by our core philosophy of "extending credit where credit is due," the Bank has implemented a range of initiatives aimed at promoting financial independence and sustainable livelihoods for women.

Recognizing that financial literacy and access to credit are critical enablers of empowerment, the Bank has actively facilitated financial education and credit counselling programs. These efforts are delivered through both its branch network and Business Correspondent (BC) channels, ensuring last-mile connectivity and outreach to remote and underserved regions. Strengthen its impact, the Bank has established partnerships with twenty one Corporate Business Correspondents across selected geographies. These partnerships are specifically designed to source and service small-value loans for women customers through Self-Help Groups (SHGs) and Joint Liability Groups (JLGs). This model enhances access to credit also increases community-based financial resilience.

As of March 2025, the Bank has successfully financed approximately 12.45 lakh women customers through various such initiatives and partnerships. These efforts reflect the Bank's enduring commitment to inclusive growth, gender equity, and the holistic development of vulnerable stakeholder groups.

Principle 5:

Business should respect and promote human rights

Federal Bank upholds human rights through comprehensive policies prohibiting all forms of discrimination, slavery, and harassment. The Management oversee human rights impact management. Bank ensures minimum wage compliance and has zero tolerance towards human rights violations. Service agreements with vendors include specific human rights covenants.

Highlights

54.69%	Policy	100%	All
Employees trained on human rights	On Human Rights & Equal Opportunity	More than Minimum wage compliance	Complaints resolved

SDG



Stakeholders:

Employees, Vendors & Service Providers, Ecosystem & Society

Material Topics:

Human Capital Development & Employee Engagement , Risk & Crisis Management, Governance, Business Ethics, Transparency & Reporting

Essential Indicator:

1. Employees who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY'2024-25			FY'2023-24		
	Total (A)	No. of employees covered (B)	% (B/A)	Total (C)	No. of employees covered (D)	% (D/C)
			Employees			
Permanent	15,545	8,811	56.68%	14,658	8,997	61.38%
Other than Permanent	566	-	-	554	-	-
Total Employees	**16,111**	**8,811**	**54.69%**	**15,212**	**8,997**	**59.14%**

2. Details of minimum wages paid to employees, in the following format:

Category	FY'2024-25					FY'2023-24				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
					Employees					
Permanent	15,545	0	0	15,545	100%	14,658	0	0	14,658	100%
Male	8,969	0	0	8,969	100%	8,544	0	0	8,544	100%
Female	6,576	0	0	6,576	100%	6,114	0	0	6,114	100%
Other than Permanent	566	0	0	566	100%	554	0	0	554	100%
Male	279	0	0	279	100%	236	0	0	236	100%
Female	287	0	0	287	100%	318	0	0	318	100%

3. Details of remuneration/salary/wages

a. Median remuneration / wages:

	Male		Female	
	Number	Median remuneration / salary / wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD) (Whole-time directors)	3*	1,57,40,505.82	1	1,57,03,521.25
Key Managerial Personnel (Other than BoD)	2	1,01,48,668.76	0	-
Employees (other than BoD and KMP)	9,244	15,66,215.42	6,862	14,56,053.71

**Including Shyam Srinivasan who was a Whole-time director till September 22, 2024*

Note: Bank do not discriminate remuneration based on gender. The difference in median remuneration is mainly on account of various factors such as average number in different Scale/Cadre, seniority in service, etc.

b. Gross wages paid to females as % of total wages paid by the entity, in the following format: (🛡)

	FY'2024-25	FY'2023-24
Gross wages paid to females as % of total wages	38.75%	37.89%

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes. The Chief Human Resource Officer addresses any human rights impact or issues caused or contributed by employees.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues

Ethics is one of the Core Values of the Bank, and the Bank upholds fairness in all acts, words, and deeds to all its stakeholders. Bank has zero tolerance towards and prohibits all forms of slavery, coerced labour, child labour, human trafficking, violence or physical, sexual, psychological or verbal abuse. Bank ensures compliance with various statutory requirements such as payment of minimum wages and the Sexual Harassment at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Bank has a grievance handling mechanism in the name of Federal Bank Employee's Grievance Redressal Forum. Employees, irrespective of their cadre, can submit their grievances related to employment and difficulties experienced at workplaces directly to this Forum. An external expert is also nominated as a member of the Forum, to ensure independent views on the grievance.

Bank has in place a Policy for Prevention of Sexual Harassment at the Workplace in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Committee (IC) has been set up at all the nine zones and Head Office to redress complaints received regarding sexual harassment. Bank is committed to ensure that sexual harassment instances and incidents can be reported without fear. Such instances and/or complaints are promptly and discreetly addressed, and appropriate action is initiated.

6. Number of Complaints on the following made by employees:

The details are provided below:

	FY'2024-25			FY'2023-24		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Sexual Harassment	2	Nil	Resolved	2	NIL	Resolved
Discrimination at workplace	Nil	Nil	NA	NIL	NIL	NA
Child Labour	Nil	Nil	NA	NIL	NIL	NA
Forced Labour/Involuntary Labour	Nil	Nil	NA	NIL	NIL	NA
Wages	Nil	Nil	NA	NIL	NIL	NA
Other Human rights related issues	Nil	Nil	NA	NIL	NIL	NA

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format: (🛡)

		FY'2024-25	FY'2023-24
i)	Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	2	2
ii)	Complaints on POSH as a % of female employees	0.03%	0.03%
iii)	Complaints on POSH upheld	0	2

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

Bank is an Equal Opportunity Employer and has zero tolerance towards discrimination and harassment of any kind. Bank is committed to creating a healthy, safe, and secure work environment for employees to work free from offensive and discriminatory behaviour. The aim is to enable employees to deliver their best at work without fear of prejudice, gender bias, and sexual harassment.

Bank is committed to ensuring that sexual harassment instances and incidents can be reported without fear. An Internal Committee (IC) has been constituted at all Zones and at the Head Office. Bank will inquire into instances and/or complaints of sexual harassment promptly and discreetly and will initiate action as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, wherever required.

The Protected Disclosure Scheme (PDS) / Whistle Blower Policy aims to establish an efficient vigil mechanism in Bank to quickly identify and address any aberrations. The policy ensures assurance of confidentiality and provides protection to the complainant/whistle-blower against any retaliatory or vindictive actions such as humiliation, harassment, or any other form of unfair treatment.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes. Service Level Agreement/Master Service Agreement of the Bank which is executed with the vendors contains the covenants related to human rights, labour standards, forced labour, child labour, non-discrimination, and harassment including sexual harassment amongst many others.

10. Assessment for the year:

	% of the Bank's plants and offices that were assessed (by the Bank or statutory authorities or third parties)
Child Labour	NIL
Forced Labour/Involuntary Labour	NIL
Sexual Harassment	NIL
Discrimination at workplace	NIL
Wages	NIL
Other- please specify	NIL

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.

Not Applicable

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

Bank is firmly committed to the principle of equal opportunity for all employees and strives to maintain a work environment free from discrimination and harassment. Discrimination or harassment based on race, color, religion or belief, social or ethnic origin, sex, age, physical, mental or sensory disability, HIV status, sexual orientation, gender identity and/or expression, marital status, family medical history or genetic information, family or parental status will not be tolerated under any circumstances.

Bank has established a Code of Ethics and Business Conduct that sets forth clear guidelines on standards of ethical business behavior. This Code emphasizes achieving business success in ways that demonstrate respect for people and the planet while upholding Bank's core values and high ethical standards. Employees are regularly sensitized to the Code of Conduct through comprehensive training programs.

The Bank upholds the fundamental principles of human rights in all its interactions and business dealings.

2. Details of the scope and coverage of any Human rights due diligence conducted.

Bank upholds a strong commitment to human rights and equal opportunity, fostering a workplace that is inclusive, respectful, and free from discrimination or harassment. It strictly prohibits any unfair treatment based on race, religion, caste, gender, age, disability, sexual orientation, marital status, pregnancy, or other personal characteristics.

To reinforce this commitment, Bank has implemented a well-defined Code of Ethics and Business Conduct that guides ethical behavior across all levels. Employment-related decisions—including recruitment, compensation, training, and promotion—are based solely on merit and business needs, in line with internal policies and ethical standards.

Human rights due diligence is embedded through regular training programs, effective grievance redressal mechanisms, and continuous sensitization of employees. These efforts are aligned with Bank's core values—Commitment to excellence, Agility, Relationship orientation, Ethics, and Sustainability (CARES)—and reflect its dedication to building a diverse and high-performing workforce.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

All newly constructed branches and offices are generally designed to be accessible, incorporating features such as ramp facilities and elevators to support ease of movement.

Additionally, tactile pavings are provided in all new premises to assist visually impaired individuals. ATM, CDM, and Recycler machines are equipped with Braille signage to facilitate independent usage. Bank also extends door-step banking services to elderly and differently abled customers, further enhancing accessibility and inclusion.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	Bank outlines its expectations from vendors through a formal Supplier Code of Conduct, which is considered during the onboarding process. Vendors are screened on various ESG parameters, including human rights, labour practices, and ethical standards.
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Others – please specify	

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

This parameter is Not Applicable basis question No 4 above.

Principle 6:

Business should respect and make efforts to protect and restore the environment.

Federal Bank demonstrates environmental stewardship through energy management, water conservation, and waste reduction initiatives. Bank has committed to specific environmental targets including solar power generation, water conservation, and green portfolio growth.

Highlights

126.43 MT
Waste recycled

2003.94 GJ
Renewable energy consumed

1.31
KL/Rs. In Crore
Water intensity

SDG



Stakeholders:

Ecosystem & Society, Government & Regulatory Bodies, Shareholders & Investors, Customers

Material Topics:

Climate Change Risk, Product Innovation with ESG Impact / Sustainable Finance

Essential Indicator:

1. Details of total energy consumption (in Giga-Joules) and energy intensity, in the following format: (🛡)

Parameter	FY'2024-2025	FY'2023-24
From renewable sources		
Total electricity consumption (A)	2003.94	1,458.00
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumed from renewable sources (A+B+C)	**2003.94**	**1,458.00**
From non-renewable sources		
Total electricity consumption (D)	1,46,679.55	1,41,168.11
Total fuel consumption (E)	11,806.49	47,570.56
Energy consumption through other sources (F)	-	-
Total energy consumed from non-renewable sources (D+E+F)	**1,58,486.04**	**1,88,738.67**
Total energy consumed (A+B+C+D+E+F)	**1,60,489.98**	**1,90,196.67**
Energy intensity per rupee of turnover (Total energy consumed / Revenue from operations) (GJ/₹ In Crore)	5.32	7.53
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed / Revenue from operations adjusted for PPP)* (GJ/USD in Crore)	109.91	172.24
Energy intensity (In GJ) per full time employee	9.96	12.50

**PPP considered for the calculation is 20.66 INR/USD as per the data available in World Economic Forum, 2025*

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. Reasonable assurance undertaken by Bureau Veritas Industrial Services (India) Pvt Ltd

2. **Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

Not Applicable

3. **Provide details of the following disclosures related to water, in the following format: (🛡)**

Parameter	FY'2024-2025	FY'2023-24
Water withdrawal by source (in kiloliters)		
(i) Surface water	Not Available	Not Available
(ii) Groundwater	Not Available	Not Available
(iii) Third party water	Not Available	Not Available
(iv) Seawater / desalinated water	Not Available	Not Available
(v) Others (estimated as per NBC 2016 guidelines)	1,97,198.64	1,91,671.20
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	**1,97,198.64**	**1,91,671.20**
Total volume of water consumption (in kilolitres)	**39,439.73**	**38,334.24**
Water intensity per rupee of turnover (Total water consumption / Revenue from operations) (KL/₹ In Crore)	1.31	1.52
Water intensity(IN KL) per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Revenue from operations adjusted for PPP) (KL/USD in Crore)	27.01	34.72
Water intensity (IN KL) per full time employee	2.45	2.52

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. Reasonable assurance undertaken by Bureau Veritas Industrial Services (India) Pvt Ltd

4. **Provide the following details related to water discharged: (🛡)**

Parameter	FY'2024-2025	FY'2023-24
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) To Groundwater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) To Seawater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iv) Sent to third-parties	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(v) Others	157758.91	153336.96
- No treatment	150600.96	153336.96
- With treatment – please specify level of treatment	7157.95	-
Total water discharged (in kiloliters)	**157758.91**	**153336.96**

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. Reasonable assurance undertaken by Bureau Veritas Industrial Services (India) Pvt Ltd

5. Has the Bank implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Not Applicable

6. Please provide details of air emissions (other than GHG emissions) by the Bank, in the following format:

Parameter	Unit	FY'2024-25	FY'2023-24
NO_x	Owning to the nature of the business, air emission parameters provided here are not material for Bank. GHG emission is the only material emission for Bank. Details of GHG emissions are provided in this report as required.		
SO_x			
Particulate matter (PM)			
Persistent organic pollutants (POP)			
Volatile organic compounds (VOC)			
Hazardous air pollutants (HAP)			
Others – please specify			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Not Applicable

7. Provide details of greenhouse gas emissions (Scope1 and Scope 2 emissions) & its intensity, in the following format: (🛡)

Parameter	Unit	FY2024-2025	FY'2023-24
Total Scope 1 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	2111.39	3866.67
Total Scope 2 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	29616.56	28076.77
Total Scope 1 and Scope 2 emission intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations) ($MTCO_2e$/₹ In Crore)	Metric tonnes of CO_2 equivalent per Crore rupee of turnover	1.05	1.26
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP) ($MTCO_2e$ /USD in Crore)	Metric tonnes of CO_2 equivalent per USD Crore of turnover adjusted PPP	21.73	28.93
Total Scope 1 and Scope 2 emission intensity in terms of full time employee	Metric tonnes of CO_2 equivalent per full time employee	1.96	2.10

Note : A specific emission source previously reported under Scope 1 has been reclassified under Scope 3 following a reassessment of operational control boundaries. Scope 1 emission for FY24 would be 1333.35 MT CO_2e and Scope 3 emissions for FY24 would be 17909.16 MT CO_2e, if the same methodology is adopted retrospectively.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. Reasonable assurance undertaken by Bureau Veritas Industrial Services (India) Pvt Ltd

8. Does the Bank have any project related to reducing Green House Gas emission? If yes, then provide details.

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Installation of Rooftop Solar Panels	Bank has developed an in-house solar power generation capacity of 530 KW.	Solar energy generated during the financial year: 556,655.4 KWh.
2	Deployment of IoT-Based Energy Saving Devices	IoT-enabled energy-saving devices have been installed in AC units across 50 ATM sites, with installation underway for an additional 300 sites.	Energy savings of 39,257.78 KWh during the financial year, contributing to a reduction of 28.54 tonnes of CO_2e.
3	Green Interiors Certification	Bank has obtained IGBC Green Certification for 2.59% of its total occupied area.	Certified premises are resource-efficient, ensuring optimal utilization of energy and materials.
4	Energy Conservation	Transition to energy-efficient inverter ACs across office locations.	46% of the ACs in use are energy efficient inverter models.
5	Water Conservation	Rainwater harvesting systems have been implemented across various locations.	Conservation capacity of 128,500 liters, with approximately 250,000 liters of water saved during the year.
6	GHG Emission Reduction through Digitalization	Bank has undertaken several strategic initiatives aimed at reducing greenhouse gas emissions, primarily through its digital-first approach and fintech partnerships. These efforts focus on reducing reliance on physical infrastructure, paper usage, and transportation. Key steps include: ▪ **Digital Onboarding:** Eliminated need for paper-based AoF and KYC documents. ▪ **Promotion of Digital Transactions:** Reduced energy by minimizing branch/ATM visits. ▪ **Digital Statements & Online PIN Generation:** Reduced printing and logistics-related emissions.	Tangible reduction in paper usage, operational energy demand, and GHG emissions due to minimized physical processes. 814.37 MT of paper saved during FY25.

9. Provide details related to waste management by the Bank, in the following format: ()

Parameter	FY'2024-2025	FY'2023-24
Total Waste generated (in metric tonnes)		
Plastic waste **(A)**	27.45	28.66
E-waste **(B)**	8.28	10.09
Bio-medical waste **(C)**	Not Applicable	Not Applicable
Construction and demolition waste **(D)**	Not Applicable	Not Applicable
Battery waste **(E)**	118.15	125.43
Radioactive waste **(F)**	Not Applicable	Not Applicable
Other Hazardous waste. Please specify, if any. **(G)**	Not Applicable	Not Applicable
Other Non-hazardous waste generated **(H)**. Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector) Paper Waste (A4 sheets consumed)	216.52	112.58
Total (A+B + C + D + E + F + G + H)	**370.40**	**276.76**
Parameter		
Waste intensity per rupee of turnover (Total waste generated / Revenue from operations) (MT/₹ In Crore)	0.01	0.01
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP) (MT/ USD in Crore)	0.25	0.25
Waste intensity in terms of Per full time employee	0.02	0.01
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste- E-waste & Battery Waste		
(i) Recycled	126.43	135.52
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
Total	**126.43**	**135.52**

Parameter	FY'2024-2025	FY'2023-24
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste - Plastic & Paper Waste		
(i) Incineration	-	-
(ii) Landfilling	-	-
(iii) Other disposal operations	243.97	141.24
Total	**243.97**	**141.24**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. Reasonable assurance undertaken by Bureau Veritas Industrial Services (India) Pvt Ltd

10. Briefly describe the waste management practices adopted in your establishment. Describe the strategy adopted by your Bank to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Bank, being a service-oriented organization offering banking products and services, does not produce hazardous or chemical waste in its routine operations. .

To promote responsible waste management, Bank has implemented measures across all its offices to ensure that dry and wet waste is segregated at the source. This waste is then handed over to authorised waste collection agencies in accordance with local guidelines. The Bank has a centralised arrangement for the collection and disposal of e-waste from its Branches and offices. All IT assets older than five years are disposed of under this arrangement.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
NA			

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
NA					

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection Act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

S. No.1	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
The entity complies with all applicable regulatory requirements and no such non-compliance was reported during reporting period.				

Leadership Indicators

1. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area – **NA**

(ii) Nature of operations – **NA**

(iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY'2024-2025	FY'2023-24
Water withdrawal by source (in kilolitres)		
(i) Surface water	NA	
(ii) Groundwater		
(iii) Third party water		
(iv) Seawater / desalinated water		
(v) Others		
Total volume of water withdrawal (in kiloliters)		
Total volume of water consumption (in kiloliters)		
Water intensity per rupee of turnover (Water consumed / turnover)		
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water	NA	
- No treatment		
- With treatment – please specify level of treatment		
(ii) Into Groundwater		
- No treatment		
- With treatment – please specify level of treatment		
(iii) Into Seawater		
- No treatment		
- With treatment – please specify level of treatment		
(iv) Sent to third-parties		
- No treatment		
- With treatment – please specify level of treatment		
(v) Others		
- No treatment		
- With treatment – please specify level of treatment		
Total water discharged (in kilolitres)		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Not Applicable

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY'2024-25	FY'2023-24
Purchased Goods & Services	Metric tonnes of CO_2 equivalent	28415.28	2605.90
Capital Goods		16125.83	
Fuel & Energy related activities		7945.78	
Waste generated in operations		253.28	
Business travel		4767.09	2290.55
Employee Commuting		13687.94	10479.39
Upstream Leased Asset		16341.40	
Down stream leased Assets		15350.40	
Total Scope 3 emissions		**102887.00**	**15,375.84**
Total Scope 3 emissions per rupee of turnover	Metric tonnes of CO_2 equivalent per Crore rupee of turnover	3.41	0.60
Total Scope 3 emission intensity per full time employee	Metric tonnes of CO_2 per full time employee	6.38	1.01

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. Limited assurance undertaken by Bureau Veritas Industrial Services (India) Pvt Ltd

3. With respect to the ecologically sensitive areas reported in Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

NA

4. If the entity provided below taken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
Details of the Initiatives taken by Bank is already provided in essential indicator- question No-8.			

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Bank has a BCM Policy, approved by the Board of Directors. The policy sets out the framework for managing Bank's overall capability to manage incidents that affect normal functioning. The policy is reviewed at least on a yearly basis taking into account the changes in the technology and operating environment, regulatory requirements and industry best practices. The overall business continuity preparedness is overseen by the executive-level Operational Risk Management Committee (ORMC), chaired by the Executive Director, which meets at least on a quarterly basis.

There is a Central Crisis Management Team (CCMT) that takes responsibility and acts swiftly in the event of any breakdown/ failure of critical systems, natural disaster/ accident or any other event affecting business continuity. The contact details of the CCMT members are communicated to all the business units in the Bank to enable them to seek assistance in case of an emergency.

At every Branch/ Office, Business Continuity Management Committees are constituted to act as the primary team to ensure Business continuity preparedness of the respective unit.

Business continuity/ disaster recovery plans and procedures detailing the steps to be taken at various levels of an incident are in place. The documents are reviewed at least on an annual basis.

A comprehensive Business Continuity Management System is implemented across Bank. Bank is also certified with ISO 22301 certification for the Business Continuity Management System implemented in its IT, centralized operations and centralised clearing operation.

Business Impact Analysis (BIA) is conducted at least on a yearly basis for prioritising the applications and processes of the Bank based on criticality. Based on the BIA results, business continuity arrangements including disaster recovery measures are put in place. Business continuity/ disaster recovery plans are periodically reviewed, at least on a yearly basis. Exercises like DR Drills, Component testing, Tabletop testing etc are done to test the effectiveness of Business Continuity Plan.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?

Not Applicable

7. % of Value chain partners (by value of business done with such partners) that were assessed for Environmental Impacts?

Not Applicable

8. How Many green credits have been generated or produced

a	By the listed entity	NIL
b	By the top ten (in terms of value of purchase and sales respectively) value chain partners	

Principle 7:

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

Bank is affiliated with multiple trade and industry associations, ensuring responsible engagement in public policy matters . No adverse orders related to anti-competitive conduct have been reported.

Highlights

14
Trade association affiliations

NIL
Cases of anti-competitive conduct

SDG



Stakeholders:

Ecosystem & Society, Government & Regulatory Bodies

Material Topics:

Governance, Business Ethics, Transparency & Reporting

Essential Indicator:

1. a. Number of affiliations with trade and industry chambers/associations.

Bank is member of Fourteen (14) trade and industry chambers/ associations

b. List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the Bank is a member of/affiliated to.

S. No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/ associations (State/ National)
1	International Chamber of Commerce	International
2	APLMA - Asia Pacific Loan Market Association	International
3	Indian Banks Association	National
4	Fixed Income Money Market and Derivatives Association of India (FIMMDA)	National
5	Foreign Exchange Dealers Association of India (FEDAI)	National
6	Forex Association of India (FAI)	National
7	Confederation of Indian Industry	National
8	Financial Benchmarks India Pvt Ltd	National
9	Equalifi	National
10	Institute of Internal Auditors (IIA)	National

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the Bank, based on adverse orders from regulatory authorities.

Name of the authority	Brief of the case	Corrective action taken
	NIL	

Leadership Indicators

1. Details of public policy positions advocated by the Bank:

S. No.	Public Policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/ No)	Frequency of Review by Board (Annually/ Half yearly/Quarterly/Others- please specify)	Web Link, if available
			NIL		

Principle 8:

Businesses should promote inclusive growth and equitable development.

Federal Bank promotes inclusive growth through community engagement, local sourcing, and CSR initiatives. Bank has structured mechanisms for community grievance redressal and focuses on job creation in smaller towns. CSR projects target education, healthcare, and rural development, contributing to equitable development across diverse communities.

> 40 lakh
CSR Beneficiaries

48.92%
Job creation in Rural & Semi-urban areas

12%
Sourced directly from MSMEs/ small producers

SDG



Stakeholders:

Government & Regulatory Bodies, Ecosystem and society, Vendors and Service providers

Material Topics:

Financial Inclusion, Community Development

Essential Indicator:

1. Details of Social Impact Assessments (SIA) of projects undertaken by the Bank, based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Speak for India 2023-24	Not Applicable	Not Applicable	Yes,	Yes	https://www.federalbank.co.in/documents/d/guest/final-report-speak-for-india_impact-assessment-10102024

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by the Bank, in the following format:**

S.no	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
Owing to the nature of business, this is not applicable to the Federal bank						

3. **Describe the mechanisms to receive and redress grievances of the community.**

The Bank has an established mechanism to receive and resolve grievances from various stakeholder groups, including the community. Communities can raise their concerns through the grievance redressal option available on the Bank's website, where such grievances are addressed appropriately. For matters related to lending operations, the grievance redressal process outlined in the Bank's ESMS policy is also available for use by community members.

Web-link of the grievance redressal policy: https://www.federalbank.co.in/grievance-redressal-general-banking

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers: (🛡)**

	FY'2024-25	FY'2023-24
Directly sourced from MSMEs/small producers	12%	19%
Sourced directly from within India	100%	100%

5. **Job creation in smaller towns – Disclose wages paid to persons employed (including employees employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost (🛡)**

	FY'2024-25	FY'2023-24
Rural		
% of Job creation in Rural areas	5.24%	4.98%
Semi-urban		
% of Job creation in Semi-urban areas	43.68%	32.48%
Urban		
% of Job creation in Urban areas	23.58%	37.72%
Metropolitan		
iii) % of Job creation in Metropolitan areas	27.50%	24.82%

(Place to be categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan)

Leadership Indicators

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

Details of negative social impact identified	Corrective action taken
NA	

2. **Provide the following information on CSR projects undertaken by the Bank in the designated aspirational districts as identified by government bodies:**

S. No	State	Aspirational District	Amount spent (In INR Lakhs)
1	Kerala	Wayanad	267.00
2	Assam	Barpeta	46.20
3	Assam	Darrang	28.99
4	Andhra Pradesh	Visakhapatnam	11.66
5	Jharkhand	Ranchi	8.64
6	Tamil Nadu	Virudhunagar	6.21
7	Jharkhand	East Singbhum	0.70
8	Odisha	Dhenkanal	0.46
Total			369.86

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized/ vulnerable groups?

As a financial institution, our primary inputs are technological infrastructure, platforms, and services. Bank's Procurement Policy emphasizes the ability of service providers and suppliers to meet Bank's standards. Notably, 100% of consumables and stationery used in daily operations at branches and offices are sourced locally. Our Sustainable Procurement Policy further guides responsible and ethical procurement practices.

(b) From which marginalized/vulnerable groups do you procure?

A preferential procurement process is not implemented by Bank.

(c) What percentage of total procurement (by value) does it constitute?

Not Applicable

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by the Bank (in the current financial year), based on traditional knowledge:

S. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/ No)	Benefit shared (Yes/No)	Basis of calculating benefit share
Owing to the nature of business, this is not applicable for Bank				

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the Case	Corrective action taken
Owing to the nature of business, this is not applicable for Bank		

6. Details of beneficiaries of CSR Projects:

Sl No	CSR Subhead	No: of persons benefitted	No: of institutions benefitted	% of beneficiaries from vulnerable/marginalized groups(Remarks)
1	Education	29001	291	While several of our CSR initiative including the Federal Bank Hormis Memorial Foundation Scholarships, Federal Skill Academy, and patient support programs are focused on empowering vulnerable and marginalized communities, we also undertake projects that extend benefits to the general public at large.
2	Healthcare	34349	98	
3	Swachh Bharat Initiatives , Clean Water Solutions and Environmental Sustainability	4119006	7106	
4	Development Projects, Welfare & Women Empowerment	29300	39	
5	Sports	224	7	
6	Disaster Relief	145	9	
	Total	**4212025**	**7550**	

Principle 9:

Businesses should engage with and provide value to their consumers in a responsible manner

Federal Bank maintains comprehensive consumer engagement through multiple channels including 24-hour customer care, branch networks, and digital platforms. Bank has robust complaint redressal mechanisms with structured escalation processes. Cyber security frameworks and data privacy measures ensure responsible consumer value delivery across all touchpoints.

Highlights

97.13%
Consumer complaints resolved

Policy
On Customer Grievance Redressal

NIL
Data breaches

SDG



Stakeholders:

Customers, Government & Regulatory Bodies, Shareholders & Investors, Vendors & Service Providers

Material Topics:

Customer Relationship Management, Digital Transformation, Governance, Business Ethics, Transparency & Reporting Risk & Crisis Management

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Bank has implemented a comprehensive and structured grievance redressal framework to ensure timely and effective resolution of customer complaints and feedback. This mechanism is designed to uphold customer satisfaction, foster trust, and maintain service excellence.

Grievance Submission Channels

Customers can submit their complaints, queries, or service requests through multiple channels:

- Email
- Call centers (available 24x7)
- Physical branches

All grievances are recorded as Service Request (SR) tickets in Bank's Customer Experience (CX) portal for systematic tracking and resolution.

Grievance Redressal Process

1. **Initial Resolution:**

   Customers may approach Bank's customer care or branch for grievance redressal. If the resolution provided is unsatisfactory, they may escalate the issue to the Nodal Officer at:

   grievanceescalations@federalbank.co.in

2. **Further Escalation:**

   In cases of improper handling or delays, customers may escalate the matter to the Principal Nodal Officer at: support@federalbank.co.in

3. **Complaint Categorization:**

Upon submission, an SR ticket is generated, and the customer receives an automated acknowledgment confirming that a resolution will be provided within 10 days.

Grievances are categorized based on tone and nature into requests, complaints, or queries. If any service deficiency is identified, the case is classified as a complaint to ensure appropriate resolution.

4. **Internal Ombudsman (IO):**

The Bank has appointed an Internal Ombudsman to facilitate impartial and timely resolution of complaints at the apex level within the Bank. The IO may propose a settlement that is acceptable to both Bank and the customer, enhancing transparency and fairness.

5. **External Redressal – RBI Ombudsman:**

If the customer remains dissatisfied with Bank's resolution, they may approach the Reserve Bank – Integrated Ombudsman.

Complaints can be submitted via the RBI's Complaint Management System:

https://cms.rbi.org.in/

or by contacting:

Reserve Bank of India

4th Floor, Sector 17, Chandigarh – 160017

RBI Contact Centre: 14448

Accessing and enhancing customer satisfaction involves gathering feedback and implementing strategies to meet and exceed customer expectations. Feeback is collected across various touchpoints to grasp the overall sentiment of the customers. Our Bank uses Net Promoter Score (NPS) as the metric for gauging customer satisfaction. The current programs designed in line with this have been shown below:

- **NPCI Products:**

Customers using UPI, IMPS, and RuPay Debit & Credit Cards are surveyed regularly. Feedback is analyzed monthly and shared with relevant business teams to improve product design and customer awareness. Service recovery calls are initiated to address customer concerns, contributing to measurable improvements in the Bank's Net Promoter Score (NPS).

- **Contact Centre:**

NPS is collected from customers interacting with Bank's Contact Centre. The data is analyzed to gain insights into customer perceptions and preferences, enabling targeted improvements in service delivery and staff training.

- **Branch Visitors:**

Feedback is systematically collected from customers visiting branches. This helps Bank assess customer experience across locations and implement necessary enhancements. Insights are shared with internal stakeholders to drive service excellence.

Governance and Oversight

To ensure quality service delivery and continuous improvement, Bank has constituted the following committees:

- Customer Service Committee of the Board
- Standing Committee on Customer Service

2. Turnover of products and/services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	Not Applicable
Safe and responsible usage	
Recycling and/or safe disposal	

3. Number of consumer complaints in respect of the following:

Number of consumer complaints in respect of the following:	FY'2024-25			FY'2023-24		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	0	-	None	0	-	None
Advertising	0	-	None	0	-	None
Cyber-security	0	-	None	0	-	None
Delivery of essential services	0	-	None	0	-	None
Restrictive Trade Practices	0	-	None	0	-	None
Unfair Trade Practices	0	-	None	0	-	None
Other	1,74,310	5,005	None	2,60,580	6,657	None

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	NIL	
Forced recalls		

5. Does the Bank have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Bank has a Board approved Information Systems Security Policy (ISSP) which is being reviewed and approved annually. Privacy related aspects are also covered in ISSP. In addition to this, we have shared privacy policy in Bank's website.

Web Link for privacy notice in website: https://www.federalbank.co.in/privacy-policy

We have a well-defined Cyber Security Policy document also which highlights the risks from cyber threats and the measures to address / mitigate these risks, in order to address the need for the entire bank to contribute to a cyber-safe environment. The policy elucidates the strategy for combating cyber threats based on the level of complexity of business of the Bank and its acceptable levels of risk. The policy document is reviewed by Board level IT & Operations committee and approved by the Board annually.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.

Bank's systems were not subjected to any incidents affecting cyber security or the privacy of customers. Also, Bank has not been subjected to any penalty by regulatory authorities on the safety of products/services during the fiscal.

7. Provide the following information relating to data breaches: ()

	Provide the following information relating to data breaches:
a. Number of instances of data breaches along-with impact	NIL
b. Percentage of data breaches involving personally identifiable information of customer	NIL
c. Impact, if any, of the data breaches	NIL

Leadership Indicators

1. Channels/platforms where information on products and services of the Bank can be accessed (provide web-link, if available).

A few key channels where customers can find the details of our products/services include:

a) Branches:

Bank's mantra is 'digital at the fore and human at the core', and we exemplify relationship banking. Our branches are open during office hours, during which customers can contact us to know more about the services and products offered.

b) Mobile Apps:

Customers increasingly use mobile apps for banking. These apps provide a convenient way to check balances, transfer funds, pay bills, and access other banking services.

c) Websites:

The Bank's website offers a user-friendly interface, allowing customers to easily navigate and explore a wide range of services. Visitors can access detailed information about various products, open new accounts, and find up-to-date interest rates and charges. Additionally, the site provides comprehensive resources on careers, policies, annual reports, and financial results, thereby ensuring transparency and accessibility for all users.

d) Contact Centres:

While digital channels are popular, some customers still prefer human interaction. Contact centres address queries, resolve issues, and provide assistance over the phone.

e) Feddy (Virtual Assistant):

Feddy is a virtual assistant powered by artificial intelligence that assists customers with their banking needs. Feddy can help check balances, transfer funds, pay bills, and more. Feddy is available 24/7 and can be accessed through the Federal Bank website, mobile app, or WhatsApp.

Website https://www.federalbank.co.in/

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Cyber security awareness has been part of Bank's communication agenda. A CSR program called 'Twice is wise' has been formulated through which social media posts, radio telecasts, interviews, road shows etc have been incorporated to informs the safe ways of banking. Website blogs on safe banking and security reminders through SMS and emails have been sent.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

a. Notifications on Websites: These messages inform customers about scheduled maintenance, system upgrades, or any potential disruptions.

b. Notifications via Mobile Apps: Customers receive in-app notifications regarding updates, service interruptions, or important alerts.

c. Email Alerts: Email notifications are sent to customers regarding service interruptions, changes in policies, or upcoming maintenance, based on the duration and affected users.

d. SMS (Text) Alerts: Bank sends SMS alerts to customers' registered mobile numbers. These messages provide timely information about service disruptions, security updates, or other relevant matters.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as whole? (Yes/No)

Yes, the Bank goes beyond the statutory requirements in displaying product-related information. Bank is committed to maintaining transparency with all stakeholders by providing comprehensive details regarding its products and services. Key information such as service charges, interest rates, grievance redressal mechanisms, and other important notices are prominently displayed on the notice boards at branches and offices, as well as on Bank's official website. Detailed descriptions of various products and services are also made available online to ensure easy access and informed decision-making for customers.

In addition, Bank actively monitors and enhances customer satisfaction through structured feedback mechanisms and surveys conducted across multiple customer touchpoints. These initiatives are designed to capture customer sentiment and drive continuous improvement.

Our Bank uses Net Promoter Score (NPS) as the metric for gauging customer satisfaction. The current programs designed in line with this have been shown below.

a. NPCI Products: Customer who uses UPI, IMPS, RuPay Debit & Credit Card products are being surveyed and the results are analysed monthly. The feedback from the customers is shared with the respective business teams to improve the product design, customer awareness, etc. Service recovery calls are initiated to customers to resolve their concerns. This holistic approach has resulted in measurable improvements in the NPS.

b. Contact Centre: We have implemented a system to collect NPS from customers who interact with our Contact Centre. The results are monitored and analysed to gain insight into customer perceptions and preferences. This feedback mechanism allows us to identify areas for improvement in our services and training programs for our contact centre staff.

c. Branch visiting customers : Branches continue to be a key customer touchpoint. To enhance our understanding of customer interactions, we have implemented a feedback mechanism for branch visitors. This allows us to systematically capture and assess customer feedback across locations. The insights gathered are shared with the relevant stakeholders to drive necessary improvements.

As part of its ongoing commitment to customer satisfaction, Bank is also expanding its feedback collection mechanisms by introducing additional touchpoints to further measure and enhance the overall customer experience.

INDEPENDENT PRACTITIONER'S ASSURANCE REPORT

To

The Board of Directors of THE FEDERAL BANK LIMITED

Introduction and objectives of work

The Board of Directors of **THE FEDERAL BANK LIMITED** (hereinafter abbreviated as **"FBL" or "Company"**) have engaged us for providing *Reasonable Assurance* on Business Responsibility & Sustainability Report (BRSR-core) and *Limited Assurance* on identified sustainability information in the BRSR report for non-core parameters of the Company for the reporting Period April 1, 2024 to March 31, 2025.

Intended User

The assurance statement is made solely for "**THE FEDERAL BANK LIMITED**" as per the governing contractual terms and conditions of the assurance engagement contract between "FBL" and "Bureau Veritas". To the extent that the law permits, we owe no responsibility and do not accept any liability to any party other than "FBL" for the work we have performed for this assurance report, or our conclusions stated in the paragraph below.

Scope of Work

We have performed the *Reasonable Assurance* engagement as described in the Securities and Exchange Board of India's (SEBI) circular SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 dated July12, 2023 & SEBI/HO/CFD/CFD-PoD-1/P/CIR/2024/177 dated December 20, 2024 and clarifications thereto, read with applicable SEBI Regulations and prescribed format, as amended, for BRSR (Core) parameters and *Limited Assurance* engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) and in line with the requirements of Bureau Veritas's standard procedures and guidelines for external Assurance of Sustainability Reports, based on current best practice in independent assurance for the reporting period 1st April 2024 to 31st March 2025 .

The reporting boundaries considered for this reporting period are as follows: THE FEDERAL BANK Branches located in India and a representative office located in UAE.

The assessment was conducted on 12th and 13th June 2025 by means of physical site visits at:

Head Office:
THE FEDERAL BANK LIMITED, Regd. Office: Federal Towers, P.B. No. 103, Aluva, Ernakulam, Kerala, India, 683101.

Site 1:
THE FEDERAL BANK LIMITED, Aluva Branch: Metro Heights, Bridge Rd, Periyar Nagar, Aluva – 683101, Kerala.

The virtual verification (Through Microsoft Teams) at the following branches was also carried out at the following branches: Devanahalli (Karnataka) & Hyderabad (Telangana) branches on 02nd June 2025 and Virar (Maharashtra) and Coimbatore (Tamil Nadu) branches on 03rd June 2025.

As part of its independent assurance, we assessed the appropriateness and robustness of underlying reporting systems and processes, used to collect, analyse and review the information reported. In this process, we undertook the following activities:

Assessment was conducted by means of physical site visits and virtually as explained above. Bureau Veritas interviewed personnel of THE FEDERAL BANK LIMITED's including Chief Security Officer (CSO), HR, Purchase, Accounts and other relevant departments.

- The FBL had submitted performance data on reported BRSR topics (both Core and non-core). The data pertaining to each location visited was assessed by Bureau Veritas through the process above described.
- Data on various BRSR disclosures (both Core and non-core) were assessed for the locations as mentioned above. Later, it was confirmed that the same assessed data went into the preparation of the final data within the BRSR Report 2024-25.

Reasonable level of assurance is provided for following '9 Indicators included in BRSR-Core Attributes'

Sr. No.	Attribute	Parameter	Cross – reference to the BRSR
1	Green-house gas (GHG) footprint *Greenhouse gas emissions may be measured in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard*	Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Principle 6, Question 7 of Essential Indicators
		Total Scope 2 emissions(Break-up of the GHG (CO_2e) into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Principle 6, Question 7 of Essential Indicators
		GHG Emission Intensity (Scope 1 +2)	Principle 6, Question 7 of Essential Indicators
2	Water footprint	Total water consumption	Principle 6, Question 3 of Essential Indicators
		Water consumption intensity	Principle 6, Question 3 of Essential Indicators
		Water Discharge by destination and levels of Treatment	Principle 6, Question 4 of Essential Indicators
3	Energy footprint	Total energy consumed % of energy consumed from renewable sources	Principle 6, Question 1 of Essential Indicators
		Energy intensity	Principle 6, Question 1 of Essential Indicators
4	Embracing circularity - details related to waste management by the entity	Category wise Waste Generation	Principle 6, Question 9 of Essential Indicators
		Total waste generated	Principle 6, Question 9 of Essential Indicators
		Waste intensity	Principle 6, Question 9 of Essential Indicators
		Each category of waste generated, total waste recovered through recycling, re-using or other recovery operations	Principle 6, Question 9 of Essential Indicators
		For each category of waste generated, total waste disposed by nature of disposal method	Principle 6, Question 9 of Essential Indicators
5	Enhancing Employee Wellbeing and Safety	Spending on measures towards well-being of employees and workers – cost incurred as a % of total revenue of the company	Principle 3, Question 1(c) of Essential Indicators

Sr. No.	Attribute	Parameter	Cross – reference to the BRSR
		Details of safety related incidents for employees and workers (including contract-workforce e.g. workers in the company's construction sites)	Principle 3, Question 11 of Essential Indicators
6	Enabling Gender Diversity in Business	Gross wages paid to females as % of wages paid	Principle 5, Question 3(b) of Essential Indicators
		Complaints on POSH	Principle 5, Question 7 of Essential Indicators
7	Enabling Inclusive Development	Input material sourced from following sources as % of total purchases – *Directly sourced from MSMEs/ small producers and from within India*	Principle 8, Question 4 of Essential Indicators
		Job creation in smaller towns – Wages paid to persons employed in smaller towns (permanent or non- permanent /on contract) as % of total wage cost	Principle 8, Question 5 of Essential Indicators
8	Fairness in Engaging with Customers and Suppliers	Instances involving loss / breach of data of customers as a percentage of total data breaches or cyber security events	Principle 9, Question 7 of Essential Indicators
		Number of days of accounts payable	Principle 1, Question 8 of Essential Indicators
9	Open-ness of business	Concentration of purchases & sales done with trading houses, dealers, and related parties Loans and advances & investments with related parties	Principle 1, Question 9 of Essential Indicators

Management Responsibility

The Selection of reporting criteria, reporting period, reporting boundary, monitoring and measurement of data, preparation, and presentation of information in the BRSR report are the sole responsibility of the FBL and its management. We are not involved in drafting or preparation of BRSR Report. Our sole responsibility is to provide independent Reasonable assurance on BRSR-core and Limited Assurance for non-core disclosures for the financial year ended 31st March 2025.

Our Findings

On the basis of our methodology and the activities described above,

- It is our opinion that Company has established appropriate systems for the collection, aggregation, and analysis of data on Sustainability/Non-Financial performance disclosures in the BRSR.
- The Business Responsibility and Sustainability Report (FY 2024-25) provides a fair representation of the Company's activities as included therein.
- The information is presented in a clear, understandable, and accessible manner, and allows readers to form a balanced opinion over the Company and status during the reporting period.

a) Reasonable Level of Assurance for BRSR (Core) Parameters:

On the basis of our methodology and the activities described above, it is our opinion that the for FY 2024-25 of "**THE FEDERAL BANK LIMITED**", containing its reporting and declaration of the BRSR (Core) parameters from the operations within the reporting boundary and the reporting period, as described above, is prepared in all material respects in-line with the applicable criteria here before stated and in accordance with "**Reasonable Assurance**" criteria.

b) Limited Level of Assurance for BRSR (Non-Core) Parameters:

Nothing has come to our attention to indicate that the non-financial, non-core sustainability related disclosures in BRSR are inaccurate or that the information included therein is not fairly stated.

Limitations and Exclusions

Excluded from the scope of our work is any assurance of information relating to:

• Activities outside the defined assurance period.
• Positional statements (expressions of opinion, belief, aim or future intention) by **THE FEDERAL BANK LIMITED** and statements of future commitment.
• Competitive claims in the report claiming, "first company in India", "first time in India", "first of its kind", etc.

Our assurance does not extend to the activities and operations of **THE FEDERAL BANK LIMITED** outside of the scope and geographical boundaries as well as the operations undertaken by any subsidiaries or joint ventures of the Company.

This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist within the Report.

Statement of Independence, Integrity, and Competence

Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety, and social accountability with over 196 years history. Its assurance team has extensive experience in conducting assessment over environmental, social, ethical and health and safety information, systems and processes.

Bureau Veritas operates a certified Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Bureau Veritas has implemented and applies a Code of Ethics, which meets the requirements of the International Federation of Inspections Agencies (IFIA), across the business to ensure that its employees maintain integrity, objectivity, professional competence and due care, confidentiality, professional behaviour, and high ethical standards in their day-to-day business activities.

The assurance team for this work does not have any involvement in any other Bureau Veritas projects with **THE FEDERAL BANK LIMITED**.

Competence

The assurance team has extensive experience in conducting assurance over environmental, social, ethical, and health & safety information, systems and processes an excellent understanding of Bureau Veritas standard methodology for the Assurance of Sustainability Reports.

Restriction on use of Our Report

Our Assurance report for Non-financial sustainability disclosures reported Business Responsibility and Sustainability Report (Core and Non-core) for FY 2024-25 has been prepared and addressed to the Management of THE FEDERAL BANK LIMITED at the request of the company solely to assist the company in reporting on the Company's Sustainability performance and activities.

Accordingly, we accept no liability to anyone, other than the FBL. Our deliverables should not be used for any other purpose or by any person other than the addressees of our deliverables. The Firm neither accepts nor assumes any duty of care or liability for any other purpose or to any other party to whom our Deliverables are shown or into whose hands it may come without our prior consent in writing.

Nagabhushan B Biliangadi Digitally signed by Nagabhushan B Biliangadi Date: 2025.08.02 12:43:06 +05'30'

Nagabhushan B BILIANGADI
Lead Assuror
Bureau Veritas (India) Private Limited
Hubballi, India

MUNJI RAMA MOHAN RAO Digitally signed by MUNJI RAMA MOHAN RAO Date: 2025.08.05 10:33:39 +05'30'

Munji Rama Mohan RAO
Technical Reviewer
Bureau Veritas (India) Private Limited
Hyderabad, India

Management Discussion and Analysis

GLOBAL ECONOMY – BEGINNING OF A NEW ERA?

The Financial Year 2024-25 stands as a pivotal period of transition in many aspects. Major global economies witnessed shifts in leadership, with conservative ideologies gaining momentum. This was accompanied by a resurgence of protectionist policies and a retreat from globalization. As governments worldwide recalibrated their policy priorities, uncertainty reached unprecedented levels. The IMF's World Economic Outlook forecasts a decline in global growth from 3.3% in 2024 to 2.8% in 2025, significantly below the historical average of 3.7%. Emerging markets and developing economies are also expected to experience a slowdown, with growth rates decreasing from 4.3% in 2024 to 3.7% in 2025. The global economic system, under which most countries have been operating for the past 80 years may undergo a reset, ushering the world into a new era.

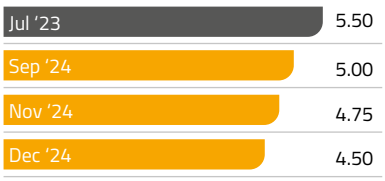
One of the primary sources of uncertainty for the global economy stemmed from the on again, off again tariffs on imports into arguably the world's largest consumer market. The imposition of 'Liberation Day' tariffs and corresponding retaliatory measures are anticipated to adversely impact global trade. As per the WTO, world merchandise trade is projected to decline by 0.2% in 2025 — almost 300 basis points lower than it would have been without the recent policy shifts. Services trade, while not directly subject to tariffs, is also expected to be adversely affected. Declines in goods trade are likely to reduce demand for related services, such as transport and logistics, while broader uncertainty is likely to dampen discretionary spending on travel and to slow investment related services. Despite the challenging outlook shaped by recent developments, it is important to recognize that bilateral trade between the two largest economies, involved in the trade conflict, constitutes only around 3% of global merchandise trade. Consequently, alternative trade relationships could influence the economic trajectory of other nations.

Simmering geopolitical tensions have added another layer of uncertainty for trade and overall economic growth. Ongoing escalations in the Gaza region and the Russo-Ukrainian conflict pose significant challenges to the recovery of the global economy. Civil unrest and cross border tensions across South Asia and the Indian subcontinent further compound the situation. With the 'Leader of the Free World' displaying increased enthusiasm to engage in international affairs, geo-political dynamics may witness a period of heightened uncertainty in the medium term.

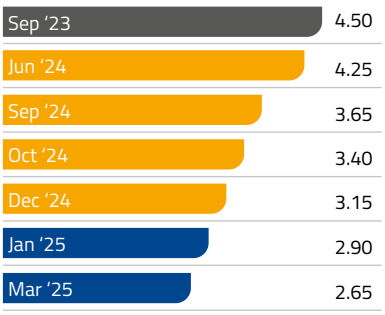
Following a strong start to the year, global currency, equity and bond markets experienced significant turbulence after the announcement of trade tariffs in the second half of the financial year. Equity indices initially showed strength in the first half, with most of the gains driven by a pronounced rally in AI-related stocks. Ongoing geopolitical tensions led to a spike in commodity prices, especially gold, which is considered a safe haven asset. Crude oil prices remained an exception as demand softened in response to a slowing global economy. Treasury yields across the globe spiked in response to these developments. Despite partial reversals in tariffs, volatility remains elevated due to ongoing uncertainty surrounding policy direction.

Despite multiple disruptions, global Inflation displayed a gradual – albeit uneven - decline from multi-decadal highs toward central bank targets. Labor markets normalized, with unemployment and vacancy rates returning to pre-pandemic levels. This gave Central Banks around the world enough confidence to ease monetary policy in support of economic growth. Almost all major Central Banks cut their key policy rates during the year. However, with trade disruptions now threatening to derail the progress made towards disinflation, Central Banks face the complex challenge of balancing the dual objectives of sustaining economic growth and maintaining price stability.

US Fed - Federal Funds Rate



Euro ECB - Refinancing



UK BoE - Bank Rate



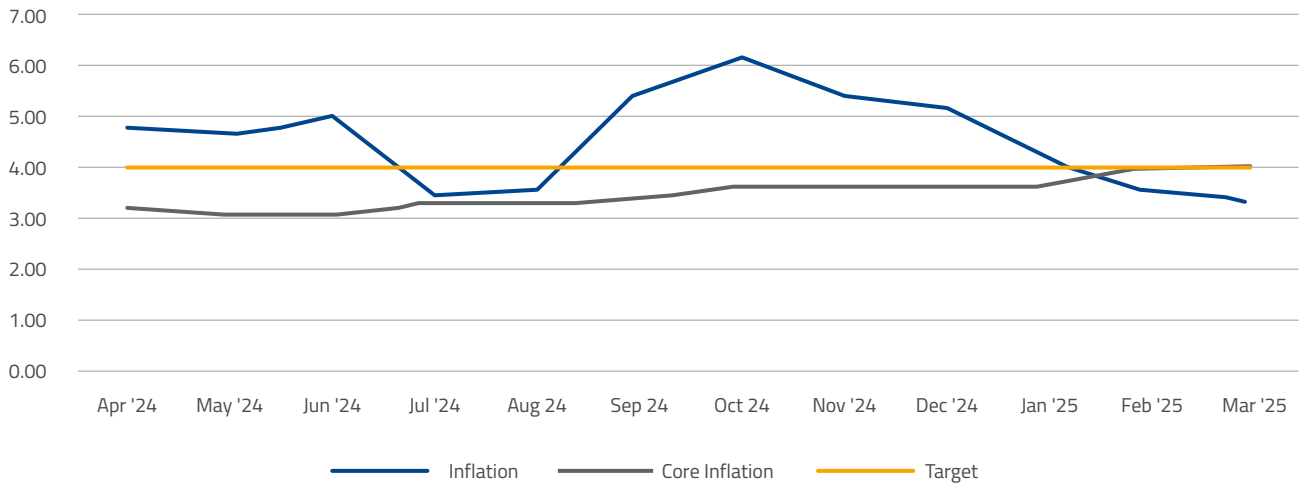
Looking back, the global economy has navigated through some choppy waters throughout the year and the volatile and uncertain environment may persist for some more time.

INDIAN ECONOMY – BUILDING MOMENTUM

Amidst multiple global headwinds, the Indian economy demonstrated remarkable resilience, underpinned by strong macroeconomic fundamentals, proactive policy interventions, and sustained public capital expenditure. Provisional estimates peg India's GDP growth at 6.5% for FY 2024-25. While this marks a moderation from the exceptional 9.2% growth recorded in FY 2023-24, India nevertheless remained one of the fastest growing major economies in the world. Economic activity was supported by an improvement in consumption demand and net exports on the expenditure side, as well as buoyant services sector and recovery in agricultural production on the supply side. The Monetary Policy Committee of the RBI expects that these developments, together with the stimulus shot announced in its latest meeting in June 2025, should help the Indian economy to maintain its growth trajectory with a projected GDP growth of 6.5% for FY 2025-26.

During FY 2024–25, inflation moved closer to the target, supported by easing input cost pressures, effective supply-side management by the government, and the continued transmission of earlier monetary policy measures. Headline inflation moderated to an average of 4.6% from 5.4% in the previous year, largely driven by a broad-based moderation in core inflation to 3.5%. This moderation occurred despite an uptick in core inflation during the second half of the year, primarily driven by a rise in international gold prices. Considering estimates pointing to a record wheat production and higher production of key pulses over last year, along with robust kharif arrivals and a sharp decline in inflation expectations, the Monetary Policy Committee of the RBI, in its June 2025 meeting, projected CPI inflation to remain benign at 3.7% for FY 2025-26.

Headline and Core Inflation



Amidst this backdrop, the Finance Minister of India presented a Union Budget which struck a balance between boosting consumption, growing capex and maintaining fiscal restraint with a long-term glide path towards fiscal discipline. Various initiatives were announced around four growth engines namely Agriculture, MSME, Investment and Exports. Transformative reforms were also promised for taxation, power sector, urban development, mining, financial sector and regulatory reforms. However, the most prominent announcement was the reduction in personal income tax rates, a measure expected to stimulate consumption and bolster economic growth.

Considering the evolving dynamics between growth and inflation, the Monetary Policy Committee (MPC) initiated its monetary easing cycle by shifting its policy stance from 'withdrawal of accommodation' to 'neutral' in October 2024, followed by a 25bps reduction in the Repo rate in February 2025. Liquidity conditions also improved with average daily net absorption under the liquidity adjustment facility (LAF) increasing to ₹1,605 Cr during FY 2024-25 from ₹485 Cr in the previous year. To ensure adequate liquidity in the system, RBI conducted a series of market operations, including OMOs, USD/INR buy/sell swaps VRR operations and a 50-bps reduction in cash reserve ratio (CRR). Coming into the new financial year, the Central Bank seems to have doubled down on its dovish stance by front loading further rate cuts while also pushing for faster rate transmission by ensuring adequate liquidity in the system.

In line with trends observed in global capital markets, Indian equity markets also experienced a year marked by considerable volatility. The first half of the year witnessed heightened activity in the equity markets, exemplified by NSE India setting a global benchmark for the highest number of transactions executed in a single day, alongside multiple equity indices reaching record highs. But, the second half saw a reversal of this enthusiasm. SIP stoppage ratios climbed and Nifty50 declined for five straight monthly F&O expiry cycles, marking its worst monthly losing streak in 29 years. With uncertainty continuing to persist, equity markets are expected to remain volatile in the foreseeable future.

The outlook for the Indian economy remains promising, supported by revival in consumption demand, continued thrust on capex

while adhering to the path of fiscal consolidation. Healthy balance sheets of banks and corporates, easing financial conditions, resilience of the services sector and strengthening of consumer and business optimism, further support this positive outlook. However, uncertainty surrounding global trade, protracted geopolitical tensions and volatility in global financial market pose downside risks to the growth outlook.

INDIAN BANKING INDUSTRY – A PIVOTAL YEAR

FY 2024-25 turned out to be a pivotal year for the Indian Banking industry. The expectations of a change in monetary policy led to the peaking of interest rates and tight liquidity conditions in the first half of the year, resulted in a scramble for deposits. This narrowed the gap between credit and deposit growth and subsequently caused a marginal increase in credit-to-deposit ratios across the industry. Banks were compelled to turn to the securitization markets to manage their credit-deposit (CD) ratios, resulting in unprecedented volumes within these markets. Now, with the monetary cycle turning and with a slower repricing of the deposits, Banks are facing pressures to margins.

Despite sustained credit growth, banks witnessed significant improvement in asset quality, evidenced by reduction in both GNPA and NNPA ratios, along with a steady decline in the slippage ratio. The provision coverage ratio (PCR) and profitability indicators such as return on asset (RoA) and return on equity (RoE) remained robust. Capital and liquidity buffers were well above the regulatory requirements. Macro stress tests suggest that banks' aggregate capital would remain above the regulatory minimum under all adverse scenarios.

Strong governance and IT infrastructure resilience emerged as two of the major concerns in the banking sector during the year. Certain Banks came under regulatory scrutiny for deficiencies in IT risk and information security governance. In response to these developments, banks across the sector began undertaking comprehensive reviews of their IT systems and frameworks to strengthen operational resilience and compliance. Additionally, certain episode of governance lapses attracted significant attention from both regulators and the public. These developments have underscored the need for strengthened oversight and accountability.

Drawing on the lessons learned, it is expected that proactive measures will be implemented by regulators to mitigate the risk of similar occurrences in the future.

Despite these developments, the Indian banking sector has shown remarkable resilience, although heightened global uncertainties underscore the importance of proactive risk management. Given the current stage of the interest rate cycle, banks that can strategically realign their portfolios to safeguard margins may be better positioned to outperform their peers.

FEDERAL BANK – A BREAKTHROUGH SHAPING UP

In alignment with the broader theme of transition, your Bank is undergoing a comprehensive transformation—not only in leadership, but also in its strategic orientation, organizational mindset, and overall outlook. FY 2024-25 provided the ideal platform to launch this evolution.

By crossing the milestone of Rs 5 Lakh Crore in Total Business, your Bank ensured the balance sheet strength necessary to support its long-term strategic evolution. The reorientation of the balance sheet towards greater efficiency also enabled your Bank to cross the milestone of ₹4,000 Crore in Annual Net Profit in FY 2024-25. CASA grew at one of the fastest rates among peers, while Provision Coverage Ratio excluding Technical Write Offs improved by 429 bps over the year. With decadal best asset quality and robust assurance functions in place, your Bank is well-positioned to pursue sustainable, quality growth.

This journey through the Breakthrough Era will be guided by 12 guiding themes that will propel your Bank into a new orbit of growth and efficiency. The major themes include – 1. NIM improvement, 2. Expanding Product Portfolio, 3. Fee Enhancement, 4. Branch Strategy for Scalable Growth, 5. Branch Transformation, 6. Brand Transformation, 7. Digital at the Fore, Human at the Core, 8. Renewed Digital Distribution Strategy, 9. People and Culture, 10. Cost Optimization, 11. Strengthening Assurance Functions and 12. Journey towards a Universal Bank. These themes will ensure that the organization maintains an Alert, Agile and Astute mindset, which will help in taking your Bank to the next level.

OVERVIEW OF PERFORMANCE (STANDALONE)

Income

(₹ in Crore)

Interest Income

FY 2023-24	22,188
FY 2024-25	**26,365**

Non-Interest Income

FY 2023-24	3,079
FY 2024-25	**3,801**

Total Income

FY 2023-24	25,268
FY 2024-25	**30,167**

During the financial year, the Yield on Average Advances (gross) stood at 9.37% as compared to 9.35% in the previous year and the yield on investments (excluding trading gain) stood at 7.00%. The interest/discount on advances/bills improved to ₹ 21,017 Crore (FY 2024 - 25) from ₹ 17,735 Crore (FY 2023-24) with YoY increase of 19%, interest on investments reached ₹ 4,542 Crore in FY 2024-25, and other interest including interest on balances with RBI / other interbank funds reached ₹ 807 Crore in FY 2024-25. The share of interest income of your Bank to total income stood at 87%.

Expenditure

(₹ In Crore)

Interest Paid

FY 2023-24	13,895
FY 2024-25	**16,897**

Operating Expenses

FY 2023-24	6,198
FY 2024-25	**7,168**

Total Expenses

FY 2023-24	20,093
FY 2024-25	**24,065**

During the financial year, the average cost of deposits of your Bank increased to 5.90% in FY 2024-25 from 5.63% in FY 2023-24. The interest paid on deposit stood at ₹ 15,411 Crore and other interest expenses stood at ₹ 1,486 Crore.

Operating Performance

(₹ In Crore)

Net Profit

FY 2023-24	3,721
FY 2024-25	**4,052**

Particular	FY 2024-25	FY 2023-24
Net Interest Income	9,468	8,293
Non-Interest Income	3,801	3,079
Net Total Income	13,269	11,373
Operating Expenses	7,168	6,198
Operating Profit	6,101	5,174

The net interest income of your Bank registered a growth of 14% YoY and Non-Interest Income grew by 23% YoY. Fee for the same period improved by 24%. During the financial year, your Bank's spread on advances (net) is at 3.11% and spread on investments (gross) is at 1.51%. Net profit registered 9% growth.

Asset Quality Parameters

Gross & Net NPA %

FY 2023-24	2.13
FY 2023-24	0.60
FY25	1.84
FY 2024-25	0.44

Gross NPA% Net NPA%

Particular	March 31, 2025	March 31, 2024
GNPA (₹ in Crore)	4,376	4,529
NNPA (₹ in Crore)	1,040	1,255
Provision Coverage Ratio (%)	75.37	71.08
Provision Coverage Ratio (%) (Inc TWO)	86.33	82.68

Your Bank ended the Financial Year with decadal best Asset Quality Ratios. The asset quality metrics improved during the FY, with reduction in NPA ratios year on year. The Gross NPA of your Bank as on March 31, 2025, stood at ₹ 4,376 Crore. Gross NPA as a percentage to Gross Advances is at 1.84%. The Net NPA stood at ₹ 1,040 Crore and this as a percentage to Net Advances is at 0.44%. Provisions (excluding technical write-offs) improved by 429 bps to reach 75.37%.

Key Ratios

(in %)

Earnings per Share (EPS)

FY 2023-24	16.07
FY 2024-25	**16.54**

Particular	FY 2024-25	FY 2023-24
Return on Av. Total Asset	1.23	1.32
Return on Av. Equity	13.03	14.73
Cost to Income Ratio	54.02	54.50
Net interest margin	3.13	3.20
Book value per share (end period) ₹	134.87	119.45

Return on Average Total Assets during the year stood to 1.23%. Return on Average Equity is at 13.03%. Earnings per share improved to ₹ 16.54 from ₹ 16.07, while book value per share increased to ₹ 134.87 from ₹ 119.45.

Deposits

(₹ in Crore)

Total Deposits



Particular	March 31, 2025	March 31, 2024	% Change
CASA + Other Demand Deposits	86,378	74,651	16%
Term Deposits	1,97,270	1,77,883	11%
Total Deposits	**2,83,647**	**2,52,534**	**12%**

Deposits growth held up well for your Bank during FY 2024-25 with Total Deposits growing by 12% Y-o-Y, Core Deposits constituting 98% of Total deposits and Term Deposits growing by 11%.

Advances

(₹ in Crore)

Net Advance



Particular	March 31, 2025	March 31, 2024	% Change
Retail Advances*	69,268	62,784	10%
Business Banking*	19,064	17,108	11%
Core Agri Advances*	8,209	7,514	9%
Gold Loans*	30,505	25,226	21%
Micro Loans*	4,110	3,449	19%
CV/CE Advances*	4,644	3,442	35%
Commercial Banking*	27,199	21,457	27%
Corporate Banking*	79,774	73,596	8%
Gross Advances	**2,38,134**	**2,12,623**	**12%**

Your Bank continued to reshape the credit book; Retail to Commercial to Corporate Ratio now at 56:11:33. Retail Book grew by 14%, Commercial book at 27% YoY and Corporate at 8%.

**Credit segments are based on internal classifications and are realigned at the beginning of every FY. Vertical wise advance figures do not account for sale via IBPC.*

Capital Management

(₹ in Crore)

Particular	March 31, 2025	March 31, 2024
Common Equity Tier-1 Capital	31,593	27,708
Additional Tier-1 Capital	0	0
Total Tier-1 Capital	31,593	27,708
Tier-2 Capital	2,867	2,889
Common Equity Tier-1 Ratio (%)	15.04	14.61
Total Tier-1 Capital Ratio (%)	15.04	14.61
Tier-2 Capital (%	1.36	1.52
Total Capital Ratio (%)	**16.40**	**16.13**

Capital Adequacy Ratio at 16.40% stood well above the regulatory minimum requirement of 11.50%, including a Capital Conservation buffer of 2.50%.

Balance Sheet Parameters

(₹ in Crore)

Particular	March 31, 2025	March 31, 2024	% Change
Liabilities			
Capital	491	487	1%
Reserves & surplus	32,929	28,607	15%
Deposits	2,83,647	2,52,534	12%
Borrowings	23,726	18,026	32%
Other Liabilities & provisions	8,210	8,657	-5%
Total	**3,49,005**	**3,08,312**	**13%**
Assets			
Cash & balances with RBI	20,354	11,494	77%
Balance with Banks & Money at call	10,505	7,469	41%
Investments	66,246	60,860	9%
Advances	2,34,836	2,09,403	12%
Fixed Assets	1,478	1,020	45%
Other Assets	15,585	18,066	-14%
Total	**3,49,005**	**3,08,312**	**13%**

Total assets increased by 13% to reach ₹ 3,49,005 Crore as on March 31, 2025, from ₹ 3,08,312 Crore on March 31, 2024, driven by 12% growth in Net Advances and increase in investments by 9% to reach ₹66,246 Crore as on March 31, 2025.

FY26 – CRYSTAL GAZING INTO THE FUTURE

Going forward, global financial market volatility, geopolitical tensions, trade fragmentation, supply chain disruptions and climate-induced uncertainties pose downside risks to the growth outlook and upside risks to the inflation outlook. Despite these challenges, the Indian economy is poised to remain the fastest-growing major economy in 2025-26 by leveraging its sound macroeconomic fundamentals, robust financial sector and commitment to sustainable growth. The Central Bank has also contributed to sustaining this growth by front-loading interest rate cuts and facilitating faster monetary policy transmission through the infusion of approximately ₹2.5 Lakh Crore in liquidity, enabled by a phased reduction in the Cash Reserve Ratio (CRR) from September 2025 onwards in four tranches.

Despite rate cuts, credit growth may experience a moderation in FY 2025-26 as NBFC and unsecured loans slow down and newer regulations such as higher LCR provisioning and revised project finance norms come into play. The weakness in the MFI segment could lead to further caution among lenders. Lenders with strong underwriting processes and clean balance sheets could outperform peers in the coming years. As interest rates fall, efficient pricing of assets could also play an important role in sustaining margins and profitability. Amid increasing product standardisation within the industry, banks that maintain a strong relationship-driven approach may outperform their peers.

BUSINESS OVERVIEW

CORPORATE & INSTITUTIONAL BANKING

The Corporate and Institutional Banking division provides a comprehensive suite of financial products and advisory services to large business houses, mid-sized corporates, multinational corporations (MNCs), capital market clients, public sector undertakings (PSUs), and financial institutions. This division offers tailored products and services encompassing working capital, term funding, structured finance, cash management, trade finance and foreign exchange services, all supported by robust electronic banking solutions that facilitate seamless onboarding and customer journey.

The distribution network is expanding through the Relationship Management structure to deeper geographies and multiple servicing touchpoints, addressing the entire value chain across different customer segments. We also serve our client's overseas funding requirement through our GIFT City presence in Gandhinagar, Gujarat by way of various products and services.

Your Bank established a Syndication desk this year to develop sourcing and sell down capabilities. It is expected to help us originate structured deals while retaining flexibility to monetize assets through partial or full sell downs, generate fee income, deepen client engagement and scale our structured business solution efficiently. Your Bank has rolled out a robust and highly secure corporate internet module to enhance customer engagement and experience. Also rolled out Bulk Direct Tax functionality for corporate customers allowing them payment of TDS/ Advance Tax challan in one go, in alignment with the philosophy of "Digital at the Fore, Human at the Core."

During FY 2024-25, Corporate exposures increased to ₹ 85,571 Crore from ₹ 79,236 Crore, registering a growth of 8% YoY. Fee income grew by 24% YoY to 416 Crs. Asset quality continues to be robust with 0.12% GNPA.

This vertical aims to be the preferred banking partner for its clients, using a robust client selection strategy and a sound credit underwriting process that are reflected in its asset quality.

COMMERCIAL BANKING

The Commercial Banking vertical serves Mid corporate and MSMEs, a key focus area for the Bank. With a dedicated relationship structure, geographic reach and a wide range of products— working capital, term loans, trade finance, advisory services, cash management, supply chain finance, foreign exchange, structured offerings, gold metal loans and bespoke liability products — the Bank ensures lasting client relationships. Relationship Managers use data insights and alerts to provide customers with the right products and timely solutions.

Supply Chain Finance

It is identified as a focused initiative in expanding the Bank's coverage of the corporate and mid-corporate ecosystem to achieve higher risk-adjusted returns. The Bank offers a variety of products, such as dealer finance, vendor finance, factoring and payable finance through a fully digital end-to-end integrated supply chain finance platform for corporate clients and their vendors and dealers. The Bank incorporates robust risk management practices such as invoice dedupe check, invoice verification functionalities etc in managing its portfolio, aiming to enhance asset quality, reduce concentration risk and build a more granular book.

Achievements

During FY 2024-25, this business stepped up further with a closing advance position of ₹ 27,199 Crore as against ₹ 21,457 Crore as on March 31, 2024, registering a growth of 27% YoY. Fee income grew by 14% to ₹ 190 Crore in FY 2024- 25. Asset quality continues to improve further with reduction in GNPA by 71 bps to 2.07%.

The business maintains a diversified and a granular portfolio across various sectors and regions. Your Bank's emphasis on Commercial Banking will ensure it remains the "Bank of First Choice" for all its clients.

CV/CE FINANCING

The Commercial Vehicle and Construction Equipment Finance business vertical continues to maintain a strong PAN-India presence through a combination of dedicated Relationship Managers, branch-led operations, and strategic partnerships. The vertical operates in a sector that is steadily growing, supported by urbanisation, large-scale infrastructure initiatives, and growth in the logistics sector.

In FY 2024–25, the CV/CE sector sustained its growth trajectory, with increasing demand for customised financing solutions. In this context, your Bank has reinforced its position as a market leader in a niche market, leveraging on its financial expertise and customer-centric approach. As we move into FY 2025-26, the CVCE sector may get a bit unpredictable because of geopolitical reasons. However, our bespoke financing facilities cater to a diverse clientele, ranging from first-time users to strategic partners, providing unwavering support for their business aspirations.

The vertical recorded a 35% year-on-year increase in AUM, rising from ₹3,442 Crore as on March 31, 2024 to ₹4,644 Crore as on March 31, 2025. This growth reflects both our operational strength, and the growing trust reposed in us by our clientele. The portfolio remains high quality, driven by prudent customer selection and the Bank's commitment to rigorous risk management practices. It underlines our strategic focus on asset quality, financial discipline, and long-term growth.

Strategic Initiatives & Achievements

- **Priority Sector Lending (PSL) Focus:** With 78% of the CV/CE portfolio qualifying under Priority Sector Lending norms, the Bank reaffirms its commitment to enabling financial inclusion and supporting the socio-economic upliftment of underserved and rural markets.
- **Strategic Collaborations:** Partnerships with NBFCs have expanded our reach across emerging markets, while maintaining portfolio quality through rigorous credit standards. These alliances enable access to new customer segments and drive scale efficiently.
- **Industry Partnerships:** Long-standing relationships with prominent OEMs in the CV/CE space, combined with collaborations with insurance providers for vehicle and portfolio health, strengthen your Bank's position as a trusted and comprehensive financial partner. These integrated offerings enhance customer engagement and support end-to-end ownership solutions.

At the core of this CV/CE Business is a team of highly skilled professionals, with extensive experience in business acquisition, credit underwriting, collections, and recovery. This team is committed to providing exceptional service and tailored solutions for the bank's esteemed clients.

GOVERNMENT & INSTITUTIONAL BUSINESS

Government & institutional Business Department focuses on providing end-to-end solutions to Government Departments and Institutions, thereby building CASA and Term Deposits. This Department is managed through Relationship Managers posted across the country and touchpoints to canvass liability business from Central & State budgetary allocations and Local and State Government offices like Panchayats, Municipalities, TASC organisations etc. Your Bank offers bespoke CASA products exclusively designed to suit the needs of the Government & Institutional entities. The Department actively engages with Government Departments to digitalise various operations for the Government functioning and ensure last mile connectivity. During last year, your Bank grew its GIB business book by 51% to reach ₹ 16,902 Crore.

During the year FY 2024-25:

- Bank has gone live on Schematic Bank Account Management System, West Bengal (Phase II – Payments)
- Live in Bulk challan upload functionality with CBDT
- Solution for Tax collection of all Municipal Corporation in state.
- Automation of Agency Commission Claims for CBDT, CBIC & State Treasury
- Live on Customs Voluntary Payments
- Bank has received permission to Release funds under the State Schemes for Govt of Goa
- Bank has received permission to conduct Government Business in the State of Haryana
- Bank has received Authorization for placement of funds by Government departments/ Corporations/ Boards/ Local Bodies/ Agencies etc. in the state of Punjab
- Bank is appointed as an Agency Bank for Government of Chhattisgarh
- Empanelled with Government of Gujarat for acceptance of Bank Guarantee issued by the Bank
- Alternate PG channel for State treasury receipts.

Way Forward

The department plans to focus on embracing advanced digital solutions for seamless operations, enhanced security, improved Government control over the funds deployed, and collection of dues. Your Bank plans to expand the range of financial products and services offered to government and institutional clients with certain tailor-made products to suit specific requirements of the Institution. Further focus will be provided on fostering strong relationships with existing client base while actively seeking opportunities to onboard new government and institutional partners. By implementing these strategies, your Bank can position itself as a trusted partner in driving financial innovation, supporting economic growth, and fostering sustainable development in our Country.

BUSINESS BANKING

Business Banking comprises business loans up to ₹10 Crore (working capital loans) and ₹20 Crore (term loans), mainly Micro, Small and Medium Enterprises. The segment registered a growth of 11 %, disbursing nearly 12,000 loans during FY 2024-25, of which 50% of loans were disbursed to New to Bank customers.

Business Banking focused on granular growth and remained one of the focus medium-yielding portfolios of your Bank in FY 2024-25. The average ticket size is ₹ 73 Lakh and comprises of nearly 37,000 accounts of more than 23,000 customers. While the business was being driven majorly through the traditional stronghold of the Bank's branches in the past, the vertical now has a capable channel of Sales Managers in strategic locations who have evolved into a significant contributor. 7 Territory Sales Heads, and their team of 55 Sales Managers are focused exclusively on adding New to Bank Customers to our fold. Strategic tie-ups have also contributed to additional sourcing from unexplored markets.

Your Bank is actively engaged in introducing and improving the loan products to meet the market demand and to boost the economy. To cater to the specific requirements of borrowers from various geographies and sectors, your Bank introduced suitable tailor-made products. Scope of CGTMSE loans offered under credit guarantee scheme has been increased. Loan scheme for funding solar installation with alternate assessments, as an extension of existing Green Loan scheme, Loan scheme in association with Maharashtra State for funding under MAGNET project, Flex-E-Credit-short term collateral free working capital for existing borrowers etc. were new

initiatives. The Business Banking Department of your Bank is also keen in ensuring environmentally friendly approach in all its lending, disassociating from all environmentally detrimental projects based on its exclusion list.

First phase of digitisation of documentation of business loans involving e-signing has been accomplished and will be scaled up in the future. Various other refinements in enablers includes, standardisation of credit delivery, increased coverage of simplified auto renewal of working capital limits, introduction of auto limit enhancement for working capital limits, enrolment of trade finance RMs dedicated for Business Banking customers etc have paved way for improved borrowing experience for the borrowers.

In the previous financial year Business Banking inked the first co-lending arrangement with our new NBFC partner – ECOFY, for sourcing solar based green loan, which is part of the sustainable finance book.

Going forward, your Bank intends to keep the momentum of growth upward and scale business into all geographies by enhancing the robust sales team structure and creation of supporting service centres. Digitisation and refinements in various operational process aspects are also in the pipeline.

RETAIL BANKING

In fiscal year 2025, your Bank recorded a remarkable 12% increase in deposits, outpacing the industry's 10% growth. Concurrently, the Bank bolstered its market share in deposits by 3 basis points year-on-year. Bank's CASA portfolio has exhibited a year-on-year growth of 16%, with CA growth at 35% Y-o-Y. Bank introduced a new savings product called Esteem, designed as a theme-based account targeting resident individuals aged 55+. Bundled with insurance offerings and other attractive features, Esteem quickly gained popularity in the market. Since its launch in November 2024, the scheme has attracted approximately 6,870 New-To-Bank (NTB) customers. Bank launched new CA variants with inbuilt sweep facility and RERA Accounts, with which current account (CA) portfolio is set to benefit significantly. Despite shifts in migration and settlement trends affecting the industry, the bank successfully upheld its strong foothold in the Non-Resident (NR) sector, achieving 10% growth in NR Savings during FY 2024-25. In Feb 2025, your Bank uneveiled the Prospera NRE Savings Account, a specialised offering tailored for the emerging affulent NRI segment. This account got excellent response and bank could open over 3,200 new accounts within weeks. By skilfully adapting to evolving customer preferences in terms of currency and deposit tenure, the FCNR portfolio displayed strong growth. Moving forward, the NR segment will also remain as a priority, with dedicated efforts to broaden the NR customer base through various initiatives. By identifying key NR hubs across the nation and leveraging the expanding network, your Bank is successfully connecting with a fresh segment of customers. In FY 2024-25, we added 85 Banking outlets, strategically located in high-potential areas for swift returns, poised to significantly contribute to our balance sheet starting FY 2025-26.

In FY 2024–25, your Bank facilitated more than ₹2 trillion in cross-border inward remittances through the Rupee Drawing Arrangement (RDA) and established partnerships with six new remittance companies across the UAE, Kuwait and the USA. With a network of 93 global partners, these arrangements provide the Indian diaspora abroad with cost-effective and seamless remittance services to India.

RETAIL ADVANCE

The retail advances of your Bank grew by 10% reaching ₹ 69,268 Crore, forming 29% of the total advances of your Bank. The retail book has seen good traction across all its major products. While Housing Loans and Retail Loans against Property (Retail LAP) continue to be the major components of the retail loan book with a combined share of around 60%, there has been an improvement in the share of Unsecured products thus ensuring improved margins with limited impact on Credit Cost.

During the year, the Housing Loan portfolio crossed ₹ 29,500 Crore, registering a growth of 7%, the Retail LAP portfolio crossed ₹ 14,000 Crore, registering a growth of 20%, and the Auto Loan portfolio grew by 18%, crossing ₹ 8,500 Crore in book size. Your Bank continues to refine products/policies and streamline the internal processes and digital capabilities, thus ensuring better productivity and reduced cost of acquisition. During FY 2024-25, as a part of improving the Turn Around Time (TAT) for mortgage loans, your Bank initiated the process of redefining and digitising the entire Loan Origination System. Additionally, End to End Digitised HL Top Up platform was also introduced as one of the means to offer Top Up facilities to existing Housing Loan customers without the need for additional documentation. This platform is now made available to the Sales Distribution channel thus ensuring increased penetration of the product. Your Bank had also digitised the valuation process thus ensuring improved TAT without impacting the quality of the valuation offered by the vendors. At present, 98% of valuation under Retail Mortgage loans are done through this platform.

As part of your commitment towards embracing and enhancing the digital journey in Mortgage loans, your Bank had developed an in-house application for housing project approvals; this will streamline the project approval process with better Turn Around Time (TAT) and help distribution channels to garner the business directly from Builder Projects. The portal has now been successfully integrated with the Loan Origination System (LOS). This integration is expected to enhance data accuracy, reduced processing time, and improved overall user experience. Further, we have also automated EMI refixing process, this automation improved customer satisfaction. For enhancing the Auto loan business, your Bank continues to tie up with all the major OEM players including Maruti, Honda, TATA, Hyundai and Toyota Motors. Additionally, to give focus on the higher yield retail segment, your Bank had created a new product - loan against car, and along with used car funding, this is expected to improve the share of High Yield products under the Vehicle segment.

Cards & Unsecured loans

The credit card and debit card business of your Bank continues to be a significant source of revenue and growth. Your Bank offers a wide range of credit and debit cards with various rewards programs to cater to the diverse needs of its customers. During FY 2024-25, your Bank witnessed growth in its credit card business and continues to garner market share in both credit & debit card businesses.

The credit card business of your Bank witnessed steady growth during the year. Your Bank continued to focus on acquiring new customers and co-orgination credit cards to existing Savings Bank

customers of the Bank through innovative marketing strategies, attractive rewards programs, and superior customer service. Your Bank's credit card portfolio comprises a mix of premium, classic, and co-branded cards curated for young professionals, family and HNI segments, with features such as cashback, travel rewards, and discounts on dining and shopping. During the year, your Bank's credit card business witnessed an increase in spends and could achieve total spends of around ₹ 20,000 Crore in the Credit card portfolio during FY 2024-25. Sourcing of new credit cards, balance outstanding & spends are close to double over last FY.

Your Bank has set up best-in-class features for its credit card business consisting of a fully digital onboarding journey, instant issuance of virtual credit cards, differentiated reward point structure, dynamic APR, etc to name a few. The Bank currently issues credit cards on a secured and preapproved basis to existing customers. New customers to your Bank can also complete their onboarding journey and get a card issued on a fully digitised platform, which requires only a few clicks. Your bank has launched Federal Bank WAVE RuPay Credit Card which is a floater card that is issued on the primary VISA and MasterCard of the customer.

Your Bank is on the cusp of rolling out several initiatives shortly, including the launch of new cobranded credit card partnerships, to continue to gain market share and be a significant player in the credit card industry.

Your Bank has been expanding opportunities in both organic as well as co-branded credit cards through Fintech partners over the past couple of years. Based on the significant regulatory changes effected last year and the pursuant regulatory guidance issued to us, your Bank is revamping and upgrading the current delivery architecture in Fintech arrangements and further enhancing the controls.

Your Bank has restarted business with one of the Fintech partners this FY and this is expected to provide an opportunity to run the credit card business to the satisfaction of the customers by meeting all regulatory requirements.

The Debit card business of your Bank witnessed a drop of 4% in spending during the year whereas industry spends on debit cards dropped by 16%, primarily due to proliferation of UPI as a mode of payment. Despite this, continuous efforts to curate and share top notch offerings has resulted in your Bank continuing to be the 4th largest Private Sector Bank in terms of Debit Card spends. Your Bank continued to focus on offering superior customer service and innovative features such as cashback on transactions, and discounts on shopping and dining.

FEE INCOME

The Bank offers a diverse portfolio of insurance products, including life insurance, health insurance, and general insurance. These offerings are designed to help customers mitigate financial risks and safeguard their financial well-being. Enhancing Product Per Customer (PPC) metrics and delivering the right products through appropriate channels — such as Branch Banking, Digital Platforms, and Telesales—remain key strategic priorities. During FY 2024–25, the Bank achieved a total business fee income of ₹241.47 Crore through the distribution of insurance and para-banking products. Notably, insurance distribution emerged as the largest contributor to non-banking fee income, accounting for ₹232.83 Crore.

The Bank has partnered with TATA AIA Life Insurance Co. Ltd. and Bajaj Allianz Life Insurance Co. Ltd. under a Corporate Agency arrangement to offer life insurance products.

The Assets Under Management (AUM) under Bank's referral arrangement with Equirus Wealth Pvt Ltd (EWPL) for Wealth



Management Services (WMS) has surpassed ₹6,100 Cr as of March 31, 2025, witnessing a YoY growth of 23%. The total number of active customers who are availing WMS under the EWPL arrangement were 29, 800 reflecting a YoY growth of 28% as on 31st March 2025. The Bank also has ₹600 Cr of Mutual Funds AUM under its own ARN as on 31st March 2025. The total fee income achieved under WMS was ₹26.6 Cr, representing YoY growth of 30%.

AGRI BUSINESS

Agriculture, with its allied sectors, continues to be an essential sector of the Indian economy, employing nearly three-quarters of the population and contributing significantly to the country's GDP. India has a rich agricultural history dating back thousands of years, and its agricultural practices have evolved to meet the challenging needs of the population. India continues to be a dominant player globally in terms of export of Agri commodities. Your Bank is committed towards giving additional focus on this sector which holds a significant place in the Indian economy.

Your Bank offers all types of Agricultural products suitable for the farmer community to cater to their pre- and post-harvest requirements, infrastructure facilities, allied and ancillary related activities, etc which are delivered through the distribution channel spread across the country well supported by a specialised team of Agricultural relationship managers.

Your Bank was one of the pioneers in introducing the instant KCC digital product that has revolutionised the approach towards rural lending. Faster delivery of rural credit to the underserved was always a challenge in agricultural lending. To address this, your Bank has introduced digital version of the Kisan Credit Card scheme in association with Reserve Bank Innovation Hub (RBiH), which presents a new experience to the farmer in terms of credit delivery. The entire process, which is a paperless, seamless one, takes the farmer through a digital journey starting from onboarding the

customer to disbursement of the loan. Your Bank has entered into various partnerships to expand the digital journey and to cater to the varied needs of the farming community.

Agricultural advances of your Bank have registered a growth of 9% in FY 2024-25 with an outstanding of ₹ 8,209 Crore as on March 31, 2025, against the base figure of ₹ 7,514 Crore. Your Bank continued its focus on priority sector lending overachieving the targets for Priority sector and Agriculture lending.

In the way forward, your Bank proposes Pan India expansion of Agricultural lending both through conventional and digital mode exploring newer geographies and new strategic partnerships. Your Bank is working on innovative models to explore the opportunities in Agri value chains concentrating mainly on plate to plough model of cultivation which would be demand driven. Bank also has future plans for collaborating with the corporates involved in the value chain and utilising the possibilities of structured finance lending models.

GOLD LOANS

Your Bank continued its strong momentum in the gold loan segment, registering a robust Year-on-Year growth of 21% at a healthy yield of 10%. This performance underscores Your Bank's unwavering focus on innovation, customer-centricity, and channel diversification.

Furthering its legacy of pioneering initiatives, your Bank introduced multiple digital and operational enhancements that have streamlined processes and elevated customer experience. The launch of specialized modules and platforms has simplified the gold loan journey for both customers and employees, enhancing transparency, compliance, and process efficiency. The expansion of strategic partnerships through fintech collaborations and sales channels has played a vital role in scaling the business. Your Bank deepened its engagement with its various partners, enabling a wider reach and quicker service delivery across geographies.

As a forward-looking institution, your Bank is actively working on a next-generation gold loan processing and operational suite aimed at simplifying processes, strengthening compliance, and enhancing effectiveness across the value chain. Your Bank is also set to scale its CLM model, introduce innovative long-tenure schemes, and expand into strategically chosen markets across the country.

Through its relentless pursuit of excellence and customer-first philosophy, your Bank continues to redefine the gold loan landscape—setting new benchmarks in growth, service quality, and digital innovation.

INCLUSIVE FINANCE

Your Bank is committed to ensuring that services offered are unbiased and available to all facets of the society. Your Bank has been a trail blazer when it comes to identifying prospects and leveraging digital technology along with current trends and translating them into profitable business. Ensuring the essence of the motto of 'extending credit where credit is due' through various initiatives driven through both Branch and agency channels, your Bank has made meaningful impact on lives of people.

Through a network of 21 Corporate partners including Business Correspondents (BC), Co lending partners, exclusively for sourcing and servicing of the small value loans through Loan Origination Systems- Fedmi and Mifix as well as Fedmithra, an in-house Loan Origination System for BC led MSE lending, your Bank is now transforming lives of people across 23 States and 2 UTs. Your Bank has exhibited resilience and adaptability to the diverse industry trends showcasing a growth of 19% Y-o-Y with an outstanding balance of ₹ 4110 Cr.

Financial Literacy through Rural Branches and Financial Literacy Centres (FLCS)

Financial Inclusion initiatives aim to ensure access to financial services including timely and adequate credit delivery to underserved sections of the society including women, weaker sections and low-income groups of the society at an affordable cost. Accepting social commitment as a core philosophy, 212 Rural branches of your Bank conduct financial literacy camps regularly on the topic 'Going Digital' on third Friday of every month.

Federal Ashwas Financial Literacy Centres (FAFLCs)

In consonance with RBI directives on Financial Literacy Centres (FLCs), your Bank has established a Trust namely "Federal Ashwas Trust" with an objective of establishing and managing "Federal Ashwas Financial Literacy Centres" (FAFLCs) to provide unbiased, fair and coordinated financial education through financial literacy classes and credit counselling. The FAFLCs managed by the Trust help the public to understand finance and address their banking needs in a better way, enabling them to be fully equipped to meet their individual financial challenges. They aim to educate the public regarding the dangers of incurring disproportionate debt, borrowing from the informal lenders etc., to name a few. Federal Bank has currently 22 Federal Ashwas Financial Literacy Centres pan India with 19 centres functioning in the state of Kerala and the one each in Tamil Nadu, Maharashtra & Gujarat.

Your Bank's FAFLCs ensure that the target segments, which includes farmers, micro & small entrepreneurs, self-help groups, senior citizens, and school children, are provided a deeper insight into various Banking products and initiatives, without bias. During the financial year that ended on March 31, 2025, FLCs could conduct around 2,649 literacy classes, and 1,111 counselling sessions (including Tele counselling), benefitting more than 1.56 Lakh people.

Your Bank has participated in the Financial Literacy Week (FLW) observed by RBI from February 24 to 28, 2025 across the country. The theme for FLW 2025 was ""Financial Literacy - Women's Prosperity", with a focus on Financial Planning, Saving and risk management as well as Availing credit for growth for homemakers, working women and women entrepreneurs respectively.

Your Bank offers Pradhan Mantri Jan Dhan Yojana (PMJDY) accounts to the public with an overdraft (OD) facility available to eligible customers (mainly to weaker sections & low-income household groups), up to ₹ 10,000/-, with an objective to ensure access to financial services, namely savings & deposit accounts, remittance, credit, insurance and pension in an affordable manner. The PMJDY scheme is a zero-balance Bank account with added RuPay debit card and comes with free accidental death insurance cover of ₹ 2 Lakh. Till date, your Bank had opened 7,21,493 PMJDY accounts with an outstanding balance of ₹ 398.91 Crore. The average balance in PMJDY accounts as on March 31, 2025, is ₹ 5,529.17/-.

Your Bank actively promotes the PM's social security schemes Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Atal Pension Yojana (APY). The PMSBY and PMJJBY schemes provide low-cost insurance benefits to the public for death or disability due to accident and for death due to any reason respectively. Atal Pension Yojana (APY) is the Government backed pension scheme provided to the unorganised sector. Your Bank had launched the WhatsApp enrolment model for APY which is the first of its kind in the entire industry. Your Bank has launched API based E-APY services in association with Protean eGov Technologies Limited to facilitate real time enrolment under APY with instant PRAN allotment. As of March 31, 2025, the total fresh enrolment under PMJJBY, PMSBY and APY are 24,201, 64,145 and 53,092 respectively. Your Bank was awarded the prestigious 'Exemplary Milestone' award and 'Award of Persistent Leadership' for the outstanding performance under Atal Pension Yojana during the Financial Year 2024-25 by PFRDA. It is also a matter of great pride that Your Bank emerged as the winner in the 'Best Financial Inclusion' category among Medium Banks during the 20th Banking Technology Conference, Expo and Citation conducted by Indian Banks Association (IBA).

TREASURY & MARKETS

Treasury manages the crucial functions of maintaining the statutory reserves as well as liquidity of the Bank under close coordination of ALCO by raising resources required to support the credit book and deploying the surplus resources optimally. Intraday and overall liquidity management is done by considering various options/ instruments through which the Bank can raise short term/ long term funds at competitive rates. Treasury is active in various Money Market Segments such as Certificate of Deposits, Repo markets etc. for generating liquidity. Money Markets desk also seeks opportunities for Refinance by specific Institutions. Apart from liquidity management and reserves maintenance, Treasury manages the Investments of the Bank and utilises the trading and arbitraging opportunities across different markets. The unit undertakes hedge and cover operations for both proprietary positions and client portfolios for addressing foreign exchange and interest rate risks. The Treasury dealing room is located in Mumbai with a disaster recovery site at Kochi. Your Bank has dedicated full-fledged dealing desks in the major market segments namely, Foreign Exchange Interbank Derivatives-Currency Options / Cross Currency Swaps / Interest Rate Swaps, Currency Futures, Interest Rate Futures, Overnight Index Swaps, Non-Deliverable Forwards, Non-Deliverable Currency Options, Bond Forward Rate Agreements, Foreign currency credits, Gold Metal Loan and in the Domestic markets - Money Market, Government Securities, Corporate bonds and Debentures, Certificates of Deposit, Commercial Paper, Interest Rate Swaps and Equity. The Non-SLR desk of your Bank actively manages the NSLR portfolio. We are happy to inform that your Bank has issued Infrastructure Bonds of Rs.1500Cr and has become one of the first private sector bank to issue AA+ rated bonds in the category. Your Bank is also providing a web-based trading platform and intraday trading facilities to clients in the CSGL segment. Treasury activities are further being augmented by a robust Front Office System which efficiently captures all the front-end dealings of your Bank and has a robust risk management and monitoring capability. Your Bank as a prudent measure partially hedged its floating rate loan book to insulate from the lowering of the benchmark interest rates by RBI.

The Treasury Sales Team spread across the country, collaborates with the coverage team and provides tailored risk management solutions and help diverse clients hedge their risks arising from foreign exchange or interest rate exposures. Your Bank has started onboarding forex customers to a common platform to book rates directly in market. Your Bank is a preferred banker of Choice across segments through best-in class service delivery, customised solutions and optimum use of technology. Your Banks's key strength in providing structured risk management solutions, hedging advisory and execution skills makes it a preferred Treasury solutions provider to the clients. The interbank desk caters, close to one fifth of the personal inward remittances into the country and is a significant player in interbank market. The extensive usage of data analytics in understanding customer business has also helped your Bank in increasing the Forex business through its branches.

The Financial Institutional Group (FIG) team manages the correspondent banking ecosystem of your Bank and ensures a smooth flow of cross-border transactions. Incrementally, it spearheads discussions with Institutional Clients, viz. Banks, Insurance Companies, Mutual Fund Companies, Alternate Investment Funds (AIFs) & other clients of institutional nature for wider engagement and treasury business opportunities. Your Bank has been giving thrust to the development of the forex business and is continuously working to improve the operating skills of relevant personnel through meetings, interactions and training programs. Your Bank is also at the forefront of conducting Foreign Exchange Dealers Association of India (FEDAI) training programs for the banking fraternity. This enables the designated branches to improve their operating efficiency substantially. Your Bank holds a position on the Board of FIMMDA and is a member of the Managing Committee of FEDAI and member of FAI.

IFSC Banking Unit (IBU)

Your Bank opened its IFSC Banking Unit (IBU) at India's first International Financial Service Centre (IFSC) located at GIFT City (Gandhinagar, Gujarat) in November 2015. IFSC in GIFT City is conceptualised and designed at par with other global financial centres operating in various parts of the world viz. Hong Kong, Dubai, Singapore, etc. The branch is like an overseas branch situated in an overseas jurisdiction, enabling your Bank to explore international business opportunities.

Various products offered and activities handled by the Federal Bank IBU are:

- Credit facilities to overseas companies, Wholly Owned Subsidiaries (WOS)/ Joint Ventures (JV) of Indian companies registered abroad.
- Deposit and loan facilities to Retail Individuals, including Non-Residents Individuals.
- External Commercial Borrowings (ECB), Trade Credit to Indian Entities.
- Acceptance of foreign currency corporate deposits.
- Facilities to entities in GIFT IFSC ecosystem
- Treasury operations.
- Capital Market segment – Empanelled with NSEICC for Issuance of FDs & BGs as a collateral

With the opening of IBU, your Bank caters to both domestic and international clients for their various funded and nonfunded banking requirements in multiple jurisdictions. IBU has undertaken transactions with clients across various geographies covering more than 34 countries. IBU boosts the balance sheet of your Bank by empowering it to extend various foreign currency facilities to entities and individuals across various foreign jurisdictions. Federal Bank through its IBU has executed transactions in various segments like aviation, chemicals, pharma, manufacturing & trading, metals, media & entertainment, health care, electrical, food, construction, retail, IT, finance, NBFCs etc. and has been empanelled with NSEICC for issuance of collaterals in the form of FDRs and BGs on behalf of the clearing members in FY 2024-25. Your bank has rolled out digital banking services for the clients of IBU by offering internet banking facilities, which has been a milestone during FY 2024-25. Through its internet banking platform, FedNet Global, Federal Bank IBU presently offers various online transaction facilities to the customers like retrieving account statements, FD opening, renewals, initiating fund transfers, updating nominees etc., aligning itself towards the digital front. Also, the Bank through its IBU, is active in booking sustainability and linked facilities and is an active participant in various fintech initiatives from GIFT City.

INFORMATION TECHNOLOGY

Major projects completed in FY25:

ICON - New Rating Platform

Bank had migrated to CRISIL rating solutions on April 1,2016 and the existing rating models and scorecards are hosted in RAM and CRESS platforms respectively. CRISIL has upgraded its rating platform, and Bank has decided to purchase the new rating platform CRISIL ICON which will replace RAM and CRESS. In addition, all the existing RAM rating models will be upgraded. The migration to the new rating platform and subscribing to upgraded RAM models shall help the Bank in improving the credit quality of the Bank, integration with LOS other than CLAPS, and upgradation of our existing models with new features.

PFMS - EPA module integration

PFMS (Public Financial Management System) is a web-based application that serves as an online management information and decision support system for the Plan Schemes of the Government of India. The purpose of this system is to track and monitor fund disbursement and utilization under Plan Schemes on real-time basis. Currently the payment disbursements from PFMS are mainly handled using two modes: Print Pay Advice (PPA) and Digital Signature Certificate (DSC). EPA (Electronic Payment Advice) is an advance payment process compared to the current payment product, where it gives the comfort and flexibility to the disbursement agency to verify and approve the payment disbursement over the internet banking and mobile banking platform of the bank instead of submitting the physical copy with wet signature.

Cheque Request Application

The bank had done a full revamp of the in-house cheque book request system to address its shortcomings and align with current requirements. The revamped system integrates all currently unincorporated processes, enhance the reconciliation workflow for the support team, and provide robust reporting capabilities to overcome the constraints of the existing application.

NRO Account Opening for ETB Customers - Customer Module

Your Bank has created a digital channel to facilitate NRO account openings for ETB customers. This involved designing a link or microsite to be hosted on the bank's webpage or Fed E Point platform, ensuring a seamless and user-friendly experience for customers.

Clari5 Fraud Management Solution - FedCorp / FedeBiz / Paylite

Integration of FRM applications with digital channels like Fedebiz, Paylite & FedCorp. to comply with DPSC guidelines and for real time monitoring of transactions of respective digital channels.

Ticketing Tool for LEA

This ticketing tool application automates email-based ticket generation for queries received at tmcomplaints@federalbank.co.in and redirects emails from other sources to this address. It categorizes tickets based on required actions, assigns them to appropriate teams, and facilitates communications with branches/ASD-Fintech for inquiries via the MHA portal. The tool supports lien marking/freezing actions through API calls, tracks follow-up emails from law enforcement agencies, monitors ticket progress, and ensures ticket closure by submitting required details to the LEA's source email. Overall, it streamlines handling of investigations, improves operational efficiency, and ensures timely resolution of high-volume queries from authorities.

API Gateway implementation in google cloud

The functionality of Google's APIGEE API gateway involves providing an alternate platform to the existing IBM API Connector. APIGEE offers flexible usage plans and a SaaS model for enhanced scalability. It is hosted in Google Cloud, avoiding the need for infrastructure maintenance. The Management and Runtime nodes will reside in Google Cloud under the SaaS model, and API traffic landing in the cloud will be routed to API servers located in Federal Bank Data Centers. This setup aims to optimize operational efficiency and infrastructure management while complementing the existing system.

Commvault Backup solution

The backup solution is identical in DC and DR sites. The solution has capability of taking backup at DC and DR sites simultaneously for different workloads.

Compliance Management System

This application aims to streamline the Compliance department's daily operations, currently managed through various platforms, emails, and MS Excel, which involves significant manual effort and creates challenges in timely follow-ups and escalations. By consolidating processes, the application will enable automation for key functions such as Risk Tracking, Regulation Implementation, and the management of MANC, RMP, RAR, and Tranche I, II, III activities. This systematic approach will enhance efficiency, reduce manual workload, and improve the overall tracking and escalation processes within the Compliance department.

Asset and Liability Management (ALM) – SAS

The SAS ALM solution automates the Market Risk Division's ALM monitoring and reporting processes. It aims to streamline the preparation of regulatory and monitoring returns and reports. The solution consolidates data from various sources, including MIS, Finacle Treasury, and Finacle IBU, ensuring efficient and accurate reporting for ALM activities.

HSM Integration

This functionality involves adopting a Hardware Security Module (HSM) for securely storing UPI PIN decryption keys. Existing private keys from on-premise servers will be migrated to HSM, and new decryption keys will be exclusively stored in the module. This enhances security with restricted access through controlled user management. During UPI transactions, the UPI Switch will securely access these keys from the HSM to validate customer PINs for transaction authentication, ensuring robust protection of sensitive data.

PRM version upgrade from 9.0.7 to 9.3

Your Bank implemented Proactive Risk Manager (PRM), a real-time fraud monitoring solution from ACI Worldwide, in 2013. PRM is integrated with Base 24, the Bank's ATM switch application, also developed by ACI. Base 24 processes all debit card transactions and sends a copy to PRM in real-time or near real-time, based on configuration settings. ACI Worldwide has announced the discontinuation and withdrawal of support for the current PRM version 9.0.7.2, effective October 2024. They have proposed an upgrade to the newer 9.3 series, ensuring continued support and enhanced functionality.

DDFS to One Note migration

The Bank has migrated from the existing DDFS system, used for inter-department note processing to the Ospyn Docs Office Note platform. The migration involves both the standard product features of OfficeNote and the Bank's current custom features from DDFS. This move is aimed at leveraging the enhanced functionalities of the new platform.

Adobe-Digital Asset Manager

The Marketing Department has implemented an Enterprise Digital Asset Management (DAM) solution to efficiently store, organize, index, retrieve, and distribute digital assets, including images, creative files, videos, audio, presentations, and documents. A cloud-based solution is preferred for enhanced scalability, availability, and ease of management.

The IT Department will remain dedicated to fostering innovation by integrating emerging technologies and tools into our operations. This includes staying ahead of digital trends and continuously enhancing our systems to improve security and user experience. We will continue to prioritize the adoption of AI and automation to refine processes, optimize customer service channels and streamline workflows. Our team is focused on exploring additional AI-driven opportunities to boost analytics, customer insights, and business intelligence. Through these initiatives, the IT department will play a critical role in shaping the future of your Bank, supporting both strategic objectives and daily operations, while ensuring that the Bank stays competitive in the rapidly evolving financial industry.

DIGITAL

Digital transformation in your Bank is advancing effortlessly with the use of the newest technology. Your Bank also keeps the pace up with the technological innovations and is focused on introducing new products and services to enhance the customer experience. More than 92% of the Bank's transactions in FY 2024-25 were done through digital mode. Bank's UPI transactions as a remitter Bank recorded an increase of 31.5% for the FY 2024-25 with volumes as beneficiary rising by 50.13% to 474 million

In order to provide personalized, contextual offers and services in real-time, your Bank is utilizing cutting-edge technologies like Machine Learning, Blockchain & Artificial Intelligence to obtain faster and deeper insights and make better and quicker decisions. Your Bank is committed to creating user-friendly, frictionless, safe, secure, and engaging experiences seamlessly across all channels.

Your Bank's various channels such as FedMobile, FedOne, FedNet, Feddy and FedCorp are continuously getting revamped considering the increase in the volume of transactions and the need to provide more functionalities with use of latest technology to make it most convenient for the customers to carry out digital transactions.

Mobile banking applications for retail and corporate customers are being widely used and accepted by the customers and the mobile banking monthly volume of your Bank has surpassed 25,000 Crore as of March 31, 2025. Improving the customer experience was the primary focus of your Bank which resulted in the improvement of the user rating of the FedMobile App to 4.5 star rating in PlayStore and Appstore.

Federal Bank continued its digital leadership journey in FY 2023-24- 25, achieving strong growth across key digital metrics. Through sustained product innovation, the Bank not only met but significantly exceeded several key digital targets.

Active UPI users remained strong, peaking at over 5.3 million in Feb-25 and closing the year at 5.24 million in March-25. We have over 5.3 million UPI merchants, including those through aggregators. As of March 2025, our market share was 1.28% as Remitter Bank and 2.22% as Beneficiary Bank.

Feddy demonstrated remarkable growth in customer query handling, processing 65,703 banking queries and 2.79 lacs general banking queries in March 2025. The total number of queries saw 56% increase compared to Mar-24, driven primarily by a 148% surge in WhatsApp-based interactions. CBDC adoption witnessed a positive uptick, with the number of users increasing by 84% and transaction value reaching Rs 114 Cr in FY 2024-25. Transaction types saw broader participation, with CBDC UPI transactions alone increasing 5X

During FY 2024-25, your Bank has launched the following Digital initiatives:

FedMobile Enhancements:

During the year, our flagship mobile banking platform, FedMobile, underwent substantial enhancements, introducing a suite of advanced features, refined user experience elements, and elevated security protocols.

Significant emphasis was placed on UI and UX enhancements, with notable improvements to the home screen garnering positive customer feedback. The introduction of the 'Scan & Pay' feature at the login interface substantially elevated user convenience. Additionally, the implementation of scheduled payment capabilities for self-accounts and the refinement of transaction receipts were direct responses to customer insights, further advancing the platform's functionality and user satisfaction.

Several advanced features were introduced, including the ability to apply for a Debit Card or FlashPay, transfer funds directly to a UPI Number, access Federal Rewards, and set a UPIN for other bank accounts via Aadhaar OTP authentication. Through FedMobile,

customers can seamlessly avail themselves of Hospicash insurance, Sarv Suraksha Plus (Group) insurance for NRIs, apply for IPOs via ASBA, request FASTag or additional FASTags, and purchase gift vouchers. These enhancements have significantly increased customer engagement and strengthened the platform's acceptance among both, customers and stakeholders.

Recent enhancements to the deposit module enable customers to add or modify auto-renewal instructions, view deposit advices, apply for the Atal Pension Yojana (APY), and open Portfolio Investment Scheme (PIS) accounts specifically designed for NRIs. Security has been strengthened with the introduction of a randomized keypad on the MPIN screen, thereby minimizing the risk of unauthorized access. Additionally, procedures for KYC profile updates and renewals have been optimized to provide a seamless and efficient user experience.

Feddy:

Feddy, our AI-powered Virtual Assistant is equipped to answer customer queries round the clock. Feddy is an intelligent companion, offering assistance on:

- Financial transactions/ Conversational banking experience – including transactions like Fund Transfer, Bill Payments, Mobile Recharges, cheque book requests over an easy chat with Feddy.
- Addressing transaction-related queries of registered customers and general queries from all those interested.

With all this already in place, we made Feddy even smarter in FY25 by adding 10+ more conversational banking features. Now customers can perform tasks like opening a deposit, certificate downloads, debit card status check, debit card block, update email id and much more, all through seamless human-like conversations through platforms such as WhatsApp/Web.

Vernacular Language Support in Feddy: Considering the intricate and diverse cultural and linguistic landscape of India, Feddy is available in 14 different Indian languages. With this powerful capability, your Bank is confident that Feddy will break linguistic barriers in banking services and promote linguistic inclusivity on a large scale. Whether on WhatsApp or the bank's website, users simply need to type or say, "Change my language" or "Talk to me in Hindi" (for example) and Feddy will begin responding to queries in the selected preferred language.

Feddy now supports Voice Notes in WhatsApp: Now users can send super-convenient Voice Notes to Feddy to get responses in their preferred language. This new feature allows customers to interact with Feddy more naturally and conveniently. Whether you're on the go or prefer speaking over typing, you can now send voice messages in your preferred language to Feddy and receive prompt, accurate responses.

Feddy in Alexa: Imagine giving voice commands to your phone/ Alexa device "Pay my Electricity Bill" or "Send 500 Rupees to my mom", and transactions happen instantly. This brings a new dimension to our customer engagements by leveraging voice-based interactions, making banking more accessible, intuitive, and convenient for our customers.

With all these new additions, Feddy continues to redefine banking experiences.

SmilePay:

Utilizing advanced facial recognition technology, SmilePay enables merchants to accept payments by simply scanning their customer's face, offering a seamless, secure, and futuristic transaction experience. End customers can now make payments without any physical payment instruments like cards or mobile phones.

FedCorp:

FedCorp has shown impressive growth during FY 2024-25. The monthly transaction volume reached Rs. 7315 Crore, marking a 25% y-o-y increase. Total registrations also saw a significant rise, with 1,44,179 registrations, reflecting a 35% y-o-y increase. Additionally, the number of active users grew to 54,680, which is a 27% y-o-y growth from 43,142 users in March 2024. This data highlights FedCorp's strong upward trajectory in both user engagement and transaction volume. During FY 25, two new FedCorp versions were released, boosting user experience and functionality.

FedNet:

FedNet delivers seamless online banking services to the retail segment. This year, it has reached a notable milestone through the introduction of key features designed to further elevate user experience and drive increased revenue from the platform.

FedNet now provides comprehensive operational capabilities for secondary users in E/S accounts. In alignment with the bank's sustainability initiatives, E PIN mailers have been implemented. Additionally, in response to customer feedback, transaction limits have been increased, together with multiple feature enhancements designed to further empower our customers digitally.

FedOne: Simplify your Tax Payments with FedOne:

a. Self – registration of PAN / TAN with maker-checker process
b. Simple Bulk Upload: Facility to initiate multiple transactions in one go with a simple file upload process. Each line item in the file will represent one challan
c. Instant payment receipt with CIN
d. 24 x 7 availability: Federal Bank is now one of the few banks offering this feature. Most banks have a cut-off for tax payments
e. Schedule tax payments for future date.
f. No requirement to visit TIN 2.0 portal of Income Tax Department
g. Dedicated Helpdesk

Fedsecure Authenticator Application:

The new mobile based authentication app in Android is designed to enhance security and customer experience while using Retail FedNet Application. In today's digital landscape, ensuring the security of our online platforms is paramount and thus, FedSecure application comes with features like SIM Binding and Device Authentication. With FedSecure, we're reducing dependency on OTP SMSs and introducing a seamless, efficient and secure solution to access and use FedNet for transactions.

UPI and IMPS:

UPI has cemented its place as a powerhouse in digital payment channels, achieving unprecedented growth in the last fiscal year. The sheer volume of UPI remitter transactions surged by almost 31.5% in FY 2024-25, culminating in a staggering 234 million transactions in March 2025 alone. The significant increase highlights UPI's expanding dominance, bolstered by the introduction of numerous new features in the past fiscal year.

1. **UPI for Sole Proprietorship Current Accounts:** The widespread adoption of UPI among retail individual customers led to a significant demand for broader UPI access, extending to various account schemes and constitutions. As a response to this clarion call, we expanded UPI access to include sole proprietorship current accounts enabling customers to link their accounts via 3rd party UPI Apps and enjoy all UPI functionalities.

2. **UPI Circle:** UPI Circle is an innovative feature in UPI which allows a UPI user to empower their trusted contacts to make UPI payments on their behalf. The feature, brought in by National Payments Corporation of India (NPCI), was officially launched by the RBI Governor in the Global Fintech Fest 2024.

   We were one of the first banks who made the feature available to customers via supporting UPI Apps. Aimed at fostering digital financial inclusion, with UPI Circle, customers can "delegate" UPI payments to secondary users – who may or may not have a bank account, to make UPI payments. The feature is interoperable i.e. primary and secondary user can be in any UPI App.

3. **UPI Lite Auto Top-up:** UPI Lite is an on-device wallet that allows us to instantly make small value UPI transactions up to Rs 1,000 without entering the UPI PIN. Launched by NPCI in Global Fintech Fest 2024, UPI Lite Auto Top-up enables customers to automatically top-up Lite account when the lite balance falls below the threshold amount set. Your bank was among the first set of Issuer banks which went live with this functionality at the Global Fintech Fest 2024.

CBDC:

Your Bank joined the CBDC ecosystem as part of the third cohort in FY 2023-24. Over the past two years, the CBDC platform has undergone significant evolution, expanding its use case by integrating with UPI. Additionally, we have introduced the Autoload feature in CBDC, which allows users to automatically top up their wallets when the balance falls below a predetermined threshold, thereby removing the need for manual wallet loading before transactions. Furthermore, we have launched the CBDC Merchant App for Android, enabling merchants to efficiently track their CBDC transactions through the application.

FASTag:

In FY 2024-25, your Bank focused on upgrading our FASTag system to improve customer experience and operational efficiency. The new system addresses deficiencies identified in the previous setup, incorporates additional features, and ensures compliance with regulatory guidelines. The updated system includes several functionalities that enhance customer convenience, such as Autopay, an online facility for applying for Add-on/Replacement tags etc. These improvements ensure a seamless and efficient experience for our customers and position us to expand our business and offer superior services in the coming years.

Profile Update via WhatsApp:

This initiative represents a comprehensive, end-to-end journey for customer profile updates, seamlessly integrated within Federal Bank's verified WhatsApp Hub platform. Unlike traditional methods that rely on URL based redirection from WhatsApp chats, this solution enables customers to complete the entire process within the WhatsApp interface itself. Customers can conveniently update key KYC related profile details such as communication address, occupation, income, and educational qualifications by initiating a conversation to the banks verified WhatsApp Hub Mobile number (9633600800) from their bank-registered mobile number.

FINTECH PARTNERSHIPS

India's FinTech ecosystem is among the fastest-growing in the world, with the market opportunity projected to exceed USD 2 trillion by 2030. This remarkable growth is being driven primarily by the lending and payments segments, which continue to show exponential expansion. The industry is increasingly focused on leveraging next-generation technologies to simplify product delivery and enhance customer experience, all while maintaining a strong commitment to regulatory compliance. India's robust Digital Public Infrastructure (DPI)—including platforms like Aadhaar, UPI, and DigiLocker—has laid a solid foundation for innovation and the evolution of financial services.

Regulators in India are actively encouraging innovation, aiming to improve customer experience without compromising on compliance, data privacy and security. The adoption of technologies such as Aadhaar-based authentication, Video KYC, and other supporting processes for digital onboarding have significantly accelerated the growth of the FinTech sector. As India continues to lead in digital transformation, the FinTech industry is well-positioned to redefine the future of financial services—making them more inclusive, efficient, and customer-centric.

Industry structure and key developments in the industry

The fintech sector experienced significant momentum in 2024, with India securing $1.9 billion in funding—positioning it as the third-largest recipient globally, following the United States and the United Kingdom. Investor confidence was evident as the market welcomed eight fintech IPOs and celebrated the emergence of two new unicorns. Digital payments continued their upward trajectory, with over C260 Lakh Crore transacted via UPI, marking a 30% year-on-year growth.

The Open Network for Digital Commerce (ONDC) gained traction as a transformative initiative, aiming to democratize e-commerce by enabling small and medium enterprises (SMEs) to compete on a level playing field. Meanwhile, the rollout of the Central Bank Digital Currency (CBDC) brought blockchain technology into the mainstream, fostering innovation and expanding public access to digital financial infrastructure.

Bank's strategy on FinTech Partnerships

With the rise of Digital Public Infrastructure and rapid advancements in the payment's ecosystem, your Bank has embraced FinTech not as a competitor, but as a strategic collaborator. FinTech companies bring cutting-edge technologies that drive innovation and enable hyper-personalized customer experiences.

In 2018, your Bank made a forward-looking investment in a state-of-the-art API gateway—now the primary interface for FinTech integrations. Over the past six years, this platform has grown to

host more than 700 APIs. Its comprehensive documentation and robust architecture have earned recognition across the industry.

To further strengthen this collaborative approach, your Bank established a dedicated vertical focused exclusively on FinTech partnerships. This specialized unit ensures both the expertise and attention required to nurture each partnership effectively. As a result, Federal Bank has emerged as the preferred partner for FinTech collaborations. These partnerships serve dual purposes:

expanding the distribution of the Bank's products and introducing new technological capabilities. Your Bank is actively working with FinTechs across four key domains:

1. Liability Business
2. Co-Branded Credit Cards
3. Digital Personal Loans
4. Technology Platforms and Solutions

The decision to select FinTech partners follows a collaborative approach involving multiple stakeholders, including employees and senior management. Employees initiate the process by conducting in-depth market research to identify innovative FinTech firms aligned with your Bank's strategic vision. Each potential partnership is thoroughly evaluated for business value, compliance, and risk. Upon completion of this assessment, recommendations are submitted to senior management for final approval. Employees are engaged from the earliest stages, ensuring robust groundwork and alignment. Senior leadership is involved at the final decision-making stage to validate and endorse partnerships that meet the Bank's standards and objectives. All collaborations are strategically aligned with your Bank's broader business vision. The focus remains on high-margin, ROA-accretive ventures and acquiring new-to-bank customers, particularly in regions where the Bank lacks a physical presence.

Way Forward

With the resumption of credit card sourcing through fintech partnerships, your bank has witnessed a strong and positive market response. The digital personal loan segment is also gaining significant traction, reflecting growing customer demand and digital adoption. A robust pipeline of new partnerships is scheduled for launch in FY 2025-26, most of which have successfully completed the testing phase.

Looking ahead, your bank anticipates sustaining its growth trajectory in customer acquisition and high-yielding business through these strategic collaborations in FY 2025-26.

Opportunities

India continues to showcase a strong appetite for technological innovation in the BFSI sector. The launch of the Central Bank Digital Currency (CBDC) by the Government of India is poised to transform the domestic payments landscape and foster greater integration with global financial ecosystems. The growing enthusiasm for the Open Network for Digital Commerce (ONDC) is equally promising, with projections indicating that over a million SMEs will join the network within the next two years. Meanwhile, the concept of Open Banking is gaining significant traction, with an increasing number of use cases emerging. Broader adoption is anticipated in FY 2025-26 as more players recognize the transformative potential of this model.

Regulatory developments—such as the Digital Lending Guidelines, Guidelines on Cards, IT Outsourcing Guidelines, and the Digital Personal Data Protection (DPDP) Bill—are helping to clarify the framework for collaboration between FinTechs and traditional BFSI institutions. These regulations are instrumental in reducing ambiguity and fostering a more secure and transparent ecosystem.

FinTech companies continue to bring forward innovative solutions that enhance customer experience, address challenges in credit delivery, streamline merchant acquisition, and improve last-mile connectivity. Your Bank anticipates that this momentum will carry forward into FY 2025-26 and remains committed to leading the way through pioneering partnerships and forward-thinking initiatives.

CREDIT HEALTH MANAGEMENT

The Credit Administration Department ensures the credit administration functions of your Bank for borrowers with aggregate exposure of ₹ 1 Crore and above, with certain exclusions i.e. Loans against liquid securities, viz., Gold loans, Advance against deposit/other approved securities, Retail auto loans and Term loans sanctioned under Federal Agri Mobile Scheme to entities for acquiring various types of Vehicles/ equipment.

The department ensures compliance with all pre-disbursal covenants of credit sanctions and error-free documentation through digital platform wherever feasible, before disbursing a limit. The department prepares the documents as per sanction terms, verifies the executed documents once they are submitted for setting up of limit, and ensures the creation of charge in Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI), Registrar of Companies (ROC) and E-Mortgage Recorder (EMR) along with perfection of securities within the stipulated timeframe. The department also disseminates non complied post disbursal covenants of credit sanction periodically with respective business verticals and ensures proper compliance basis documentary evidence submitted by the business team. Further, the department ensures the sufficiency and protection of underlying assets and ensures that the securities are updated and revalued at regular intervals.

The department also ensures timely submission of data pertaining to loans and advances to Credit Information Companies (CICs) and National E-Governance Services Limited (NeSL) and deals with customer grievances related to such data reporting.

The department also handles operational activities related to subsidies, interest subventions, and guarantees such as:

Subsidies: Non-Resident Keralite's Affairs (NORKA), Agricultural Marketing Infrastructure (AMI), Dairy Entrepreneurship Development Scheme (DEDS), Ujeevana, National Livestock Mission (NLM), Technology Upgradation Fund Scheme (TUFS), Agri-Clinic and Agribusiness Centers Scheme (ACABC), Prime Minister Employment Generation Programme (PMEGP), Credit Linked Capital Subsidy Scheme (CLCSS) and Special Credit linked Capital Subsidy Scheme (SCLCSS).

Interest Subvention: National Urban Livelihoods Mission (NULM), National Rural Livelihoods Mission (NRLM), Chief Minister's Tourism Loan Scheme (CMTLS), Agri Infrastructure Fund (AIF), Fisheries and Aquaculture Infrastructure Development Fund (FIDF), Interest subvention for Incremental Credit to MSMEs-2018, Interest subvention to short term crop loans and Animal husbandry, Interest Subvention Scheme for Soft Loans to Sugar Mills 2018-19, Handicraft Artisans Mudra Loan and Ethanol Production Interest Subvention Scheme.

Guarantees: Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), Guaranteed Emergency Credit Line (GECL), Loan Guarantee Scheme for COVID Affected Sectors (LGSCAS), Loan Guarantee Scheme for Covid affected Tourism Service Sector (LGSCATSS), Credit Guarantee Scheme for MFIs (CGSMFI), DICGC-Advance, PM Svanidhi and PM Vishwakarma.

The department also constantly reviews existing processes to identify process improvements and endeavours for digitisation of such processes to ensure an excellent turnaround time.

CREDIT MONITORING

Regular monitoring of the credit portfolio is crucial for the Bank, and the Credit Monitoring Department (CRMD) plays an essential role in maintaining the health of your Bank's credit portfolio. Upon sanction and disbursement of a credit facility, CRMD team consistently monitors its performance. The core of the credit monitoring process involves identifying early signs of stress and initiating timely corrective actions based on comprehensive data analysis. Dedicated and skilled teams are allocated to monitor portfolios according to business segments, taking into account the ticket size and the specific characteristics of each business. These teams track the variety of indicators, such as changes in borrower behaviour, transaction data, economic indicators, and market trends, to identify potential issues before they become serious. Early detection allows the bank to take corrective action and minimize losses.

The Department uses various tools (developed internally or procured externally) for gathering and analysing data from internal as well as external sources. To remain agile and up to date in the dynamic socio-economic environment, Bank's Credit Monitoring Department leverages data analytics and market intelligence and other technological tools to enhance its risk assessment, monitoring, and early warning capabilities. By embracing innovation, the department has improved on efficiency and effectiveness in maintaining the health of the credit portfolio

ASSET QUALITY MANAGEMENT

Your Bank has managed its NPA portfolio prudently and has relentlessly improved its collection and recovery architecture to improve asset quality. Different collection activities were initiated based on the risk profile of borrowers. Your Bank has used various analytical tools to predict the propensity to default and the collection score of the borrowers. Collection strategies were formed based on these analytics-driven reports. Your Bank has also strengthened the collection mechanism through increased team strength and improved partnerships. Enhanced use of digital tools and analytics have also helped your Bank become one among the best in the industry, with respect to collection practices and efficiencies. Pre-Due reach out methods are employed based on analytics' inputs including collection risk segmentation of the accounts. This helps the borrowers/card holders in ensuring that they are not missing their due dates. These reach out methods include digital tools like SMS/IVR/Email and live tele-calls. Centralisation of various recovery activities also yielded great results as your Bank could recover the dues from borrowers very quickly.

As a result, your Bank's Gross NPA as a percentage of Gross Advances improved to 1.84% as on March 31, 2025 as against 2.13% on March 31, 2024. Net NPA as a percentage of Net Advances of your Bank improved to 0.44%. Your Bank contained the credit cost to 0.38% for FY 2024-25 and continued to maintain adequate provision for NPAs with Provision Coverage Ratio (including technical write-offs) improving to 86.33%.

RISK MANAGEMENT

The Risk Management philosophy of your Bank is to take risk by choice, rather than by chance. Your Bank seeks to build scalable and resilient businesses by strictly adhering to the best risk management practices. Your Bank is exposed to various risks, that are inherent to any banking business. The major risks are credit risk, market risk including interest rate risk and liquidity risk, information and cyber security risk and other operational risks. Your Bank has a robust risk management framework in place, which covers the policies, procedures, methodologies and framework established to systematically manage these material risks.

- The Board of Directors oversees and approves the risk policies and strategies to establish an integrated risk management framework and control system in your Bank.
- The Risk Management Committee (RMC) of the Board oversees the management of various risks associated with business, systems, and processes.
- Executive Level Committees ensure the effective implementation of risk management policies.
- Integrated Risk Management Department headed by the Chief Risk Officer coordinates various risk management functions of your Bank.
- An independent risk governance structure has been put in place, duly ensuring the independence of risk measurement, monitoring and control functions.

The risk management framework is subjected to review and upgradation on an ongoing basis, in tune with regulatory guidelines and best practices in the industry. To focus on maximisation of risk adjusted return on capital, your Bank has aligned its business strategies to a Risk Appetite Framework. A risk-based pricing framework has been implemented for the pricing of loans to evaluate returns vis-a-vis risks taken.

Additional information on key risks and mitigation strategies is available on page 68 of the Integrated Annual Report.

HUMAN RESOURCES OVERVIEW

Your Bank's human capital is a key enabler of its strategic objectives and long-term value creation. As on March 31, 2025, your Bank employed 16,111 individuals, with a gender ratio of 57:43, reflecting its commitment to building a balanced and equitable workplace. Federal Bank's human resource strategy is anchored in continuous learning, digitisation of people processes, employee development and structured career progression. This holistic approach promotes an empowering environment that supports both personal growth and professional excellence.

16,111
Employees

57:43
Gender Ratio

Employee And Worker Relation Management System

Your Bank maintains a constructive Employee and Worker Relation Management system built on mutual respect, dialogue, and timely communication. While there is no fixed notice period prescribed in collective agreements, sufficient notice is provided through internal channels before implementing significant operational changes. We uphold the right to freedom of association and collective bargaining, with periodic townhalls and structured engagements with Trade Unions and the Officers' Association to address concerns and maintain industrial harmony.

Additional information on the Bank's human resource practices is provided on page 78 of the Integrated Annual Report

INTERNAL AUDIT

Internal Audit independently evaluates the adequacy, completeness, operational effectiveness and efficiency of all internal controls, risk management/governance systems and processes of your Bank. The Audit Committee of the Board provides direction and reviews the adequacy of the internal audit function, including its reporting structure, staffing, coverage and frequency of audits. The Head of the Internal Audit Department is designated as the "Chief Internal Auditor" of the Bank and reports directly to Managing Director & CEO. An executive-level committee named the "Internal Audit Review Committee of Executives" headed by the Managing Director & CEO, oversees the internal audit functions and reviews the audit procedures and methodologies, the effectiveness of audit systems, progress in completion of audits, risk rating of branches and significant audit findings.

The Internal Audit Policy, Information System Audit Policy, Policy on Appointment of Statutory Auditors and the Internal Audit Procedure & Guidance Manual, which serve as the basic guidance documents for the Internal Audit function, are subjected to annual review. The review covers appropriate modifications and refinements based on the observations made by the Reserve Bank of India in Risk-Based Supervision, other regulatory guidelines, changes in internal rules and guidelines and directions of the Audit Committee of the Board and the Board of Directors. The review and modifications ensure that the audit systems and procedures are contemporary and continue to be an effective tool for monitoring control and compliance in your Bank. Internal Audit is responsible for self-assessment of the Bank's internal financial controls by testing and validating the effectiveness of controls on an ongoing basis.

All activities (including outsourced activities) and all entities (including subsidiary companies) of your Bank fall within the ambit of internal audit. The major audits undertaken by your Bank during the financial year are:

Risk-Based Internal Audit- Your Bank has leveraged Risk-Based Internal Audit (RBIA) as a tool to assess the risks in its processes, operations and the effectiveness of related controls. The RBIA Framework was subject to review and a revised framework extending RBIA to centralised functions and departments, in addition to branches, was implemented during Financial Year 2023-24. Risk-Based Internal Audit focuses on prioritising the audits and audit resources based on composite risk rating derived from the level of inherent business risks and control risks.

Information System Audit- Information System Audit collects and evaluates the evidence to determine whether the information system safeguards assets, maintains data integrity and availability, achieves organisational goals effectively and consumes resources efficiently. It focuses on the risks that are relevant to information assets and assesses the adequacy of controls implemented for mitigating the risks. All critical IT infrastructures in your Bank are subjected to Information System Audit by information systems professionals from reputed CERT-IN empanelled external audit firms and Certified Information System Auditors (CISA) of your Bank. Critical Information Systems are subjected to Vulnerability Assessment & Penetration Testing (VAPT) every half year. In addition to this, Information System Audit covers the physical security of IT systems and business continuity procedures followed by Bank.

Management Audit- Management Audit is conducted for non-critical departments, and the same essentially focuses on identifying the adequacy and effectiveness of processes adopted for decision-making in these Departments. The feedback from management audit is relied upon by the auditee units to improve the processes, procedures and systems in place in such offices.

Offsite Audit– Offsite audit is a forward-looking diagnostic tool to identify gaps in the systems and procedures of your Bank. The entire revenue audit in your Bank is undertaken through Offsite Audit. Your Bank leverages Computer Aided Audit Tools (CAAT) for generating and analysing exceptions while conducting offsite audits.

Concurrent Audit– Your Bank is increasingly relying on 'Concurrent Audit' as an early warning system to ensure near real-time detection of irregularities and lapses and also as a tool to prevent fraud. Your Bank has implemented the revised Concurrent Audit framework, duly approved by the Audit Committee of the Board, as per the RBI circular dated September 18, 2019, with effect from April 01, 2020. During the year under review, Concurrent Audit was in place in 396 branches and 92 offices, covering 76.48% of total advances and 53.90% of total deposits of your Bank. The offices covered under the Concurrent Audit include the Treasury Department, Operations Department, Information Technology Department, Loan Collection and Recovery Department, Zonal Credit Administration Divisions, Depository Participant Division, International Financial Service Centre Banking Unit, National Credit Hubs, Large Corporate Hubs, Regional Credit Hubs, Centralised Retail Credit Hubs, CVL Hubs, Corporate Client Service Centres, Retail Assets and Cards (Organic Credit cards), Transaction Banking Department, Digital Centre of Excellence, Fintech Partnerships, Regional Cheque Processing Centres, Transaction Monitoring and Fraud Prevention Department, AML Monitoring Department, Credit Monitoring Department, Exceptionally Large Branches and Branches where RBIA risk rating is assessed as "High". Concurrent Audit is also conducted in all the currency chests as required by the Reserve Bank of India. 354 External Auditors / Audit Firms, 11 Retired Officers and 9internal audit staff were engaged for concurrent audit assignments during the period.

Thematic Audit- Thematic audits of activities/ systems & applications/ processes/ products is carried out centrally. The objective of thematic audit is to focus on a particular audit theme across sectors/functions or units within the organisation to identify the extent of compliance / non-compliance to internal as well as external (statutory/regulatory/supervisory) policies / directions and facilitate appropriate corrective actions through suitable recommendations.

Third Party Audit- A comprehensive Risk Based of Partners/ Service providers is conducted to ensure that they are financially stable, comply with all regulatory norms and have all the required information security controls in place to safeguard the interests of all the stakeholders of your Bank. Periodic review is also conducted on these units.

The Internal Audit Department is manned by appropriately qualified personnel and has a staff strength of 158 officers (as on March 31, 2025) with expertise and exposure in all activities of your Bank, such as branch operations, credit sanction, credit monitoring, clearing operations, information technology, risk management and treasury operations.

During the FY 2024-25, audits were undertaken at various operating units, considering the audit universe and in tandem with the Annual Audit Plan approved by the Audit Committee of the Board. Data on major audits conducted during the year is as follows:

Type of inspection/Audit	Number of Audits
Risk-Based Internal Audit of branches	1243
Risk-Based Internal Audit /Management Audit of Departments/Offices including IFSC Banking unit	149
Revenue Audit	1441
Gold Loan Audit	2082
Credit Audit	4341
Legal Audit	1494
Annual Audit of currency Chests	10
Due Diligence/Vendor Audits of Outsourced agencies/ Managed Services	241
Audits of Federal Ashwas Financial Literacy Centres	22
Offsite audits	90
Thematic audits	4

TRANSACTION MONITORING & FRAUD PREVENTION

Your Bank is having a fully equipped Transaction Monitoring & Fraud Prevention Department with state-of-the-art monitoring tools working round the clock. The transactions through Core Banking system and other digital channels like FedNet, FedMobile, FedCorp, Fedebiz, Paylite etc are monitored by the Transaction Monitoring Team through real time alert generation mechanism of Fraud Risk Management application (Clari5). UPI transactions are monitored on NPCI's e-FRM tool. Monitoring of POS acquiring is also under the purview of the Department, to have a holistic control over the transaction monitoring activities of the Bank. A Proactive Risk Manager (PRM) tool has been implemented for monitoring Debit Card transactions. Monitoring of Credit Card transactions is carried out on a dedicated tool – Falcon. With the introduction of Credit Card issuance through Fintech partnerships, a dedicated monitoring team has been set up under the department to monitor the transactions on Fintech Credit Cards.

Transaction Monitoring Team can identify suspicious online transactions and take immediate remedial measures to prevent further occurrence. Your Bank has associated with the Ministry of Home Affairs on their initiative of the Citizen Financial Cyber Fraud Reporting Portal. A dedicated team has been set up, which is working on a 24X7 basis, to attend the cases reported by Police authorities, initiate immediate preventive steps to arrest the further flow of disputed funds and help police authorities in the investigation of financial cybercrimes.

REGULATORY COMPLIANCE

Compliance, with all applicable laws and regulations, is crucial to the success of your Bank. Striving for the esteemed status of the Most Admired Bank, the team maintains a delicate equilibrium between growth and stringent controls. Your Bank's compliance philosophy states that the Bank has no appetite or tolerance for any compliance risk arising from non-compliance with regulations.

To uphold the commitment to compliance across all operations, your Bank has adopted a risk-based approach and implemented appropriate policies and processes. To manage compliance risk, the Bank has built a comprehensive Enterprise Compliance Risk Management Framework (ECRMF), containing processes covering regulation implementation, identification of risks, and remedying risks on time. Your Bank has a range of monitoring and testing programs, such as branch and department self-testing by frontline staff, review by Compliance Monitoring Officers and Compliance Quality Assurance Cell (C-QAC), Data Analytics and Reg Tech to identify any known or hidden risks. Every employee of your Bank is committed to maintain the highest level of compliance standards, both in professional and personal life.

Key objectives of the Compliance Department are (a) Benchmark Regulatory Compliance, (b) Integrate Compliance Risk Management in Business, (c) Never Err on Critical Compliance, (d) Always be Fair and Transparent and (e) Be Fit to Partner the Digital & Fintech Journey. To achieve these objectives, your Bank has set a protocol where every Business Unit and Department will have Compliance Monitoring Officers who handle the first level of compliance, closely associating with respective heads. Zonal level Compliance Monitoring Officers, who directly report to central Compliance, provide additional support. To assess and assist the branches in enhancing the Compliance culture, Compliance Monitoring Officers and senior officials of the central Compliance team visit the branches and conduct awareness sessions. Annual Certification of Compliance Monitoring Officers at all levels ensures that they are aligned with the Compliance policy and processes, enabling them to embed regulatory requirements in day-to-day business processes.

To fortify compliance architecture, your Bank has undertaken several strategic initiatives. This includes periodic revision of the Compliance Policy and the Policy on Combating Financial Crime, aligning them with regulatory requirements and global best practices. Extending the compliance program to the subsidiaries and group companies ensures a unified approach. Your Bank systematically identifies its compliance obligations resulting from its activities, products and services and managing them through a structured process known as "Structured Response to Obligations". This process involves two key steps.

(a) Identification of New and Changed Compliance Obligations: Your Bank continuously monitors regulatory changes and assesses their impact on its operations. Any new or modified compliance obligations are promptly identified to ensure awareness and understanding across the organisation.

(b) Evaluation and Implementation: Once identified, these changes are thoroughly evaluated to determine their implications for your Bank's compliance obligations. Necessary changes are made to the compliance obligations, internal policies, systems, and processes ensuring that regulatory requirements and controls are effectively integrated into day-to-day business processes.

Your Bank has created a robust annual Compliance Risk Assessment Program and Quality Assurance Program to assess the compliance risk and ensure sustenance of compliance standards.

Your Bank has embraced technological innovations to redefine compliance controls and standards. Your Bank's Continuous Compliance Monitoring (CCM) is an industry-first technological solution leveraging data analytics and artificial intelligence to comprehensively monitor scenario-based alerts on any transactional deviations within 24 to 48 hours. The state-of the-

art Anti-Money Laundering solution provides exhaustive list management and screening capabilities of individual transactions and customers, in line with the Financial Action Task Force (FATF) recommendations and international standards. Your Bank has also developed a comprehensive obligation register covering all relevant statues and regulatory authorities/ industry bodies, supplemented by a manual of instructions to each department for process mapping, gap identification and periodic confirmation of compliance through self- testing, monitoring, concurrent and internal audits. Periodic compliance confirmation to the Board and the Regulator by your Bank are based on actual testing and affirmations carried out on all transactions from time to time. Additionally, the Compliance Department ensures that all major policies are reviewed to align with regulatory requirements before approval by the Board.

With these concerted efforts, your Bank proudly presents its Compliance Model as a benchmark for the industry, steadfast in our commitment to regulatory adherence and ethical business practices.

LEGAL COMPLIANCE

In recent times, the legal environment in the country has become increasingly dynamic, with new laws and amendments to the existing laws being enacted at a very brisk pace. In order to cope with this change and to ensure legal compliance, it is imperative that a robust legal risk management process be laid down that helps your Bank to mitigate the legal risk which falls under the larger umbrella of operational risk. Your Bank has a healthy compliance and legal risk management culture. The processes are designed to ensure legal and regulatory compliance and to enable the detection and prevention of any breaches. The Legal Department of your Bank frames processes and controls that can efficiently manage and mitigate the legal risks originating from the daily business transactions of your Bank. Further, your Bank has a well-laid system, which ensures that the documentation process is contemporary and in tune with industry standards, thus minimising the menace of legal risk, and in the meantime enhancing customer experience.

New products, processes and schemes introduced by your Bank invariably undergo legal vetting by the Legal Department to ensure legal compliance and proper analysis of the legal risks involved. Moreover, Legal Department renders professional and expert advice on various legal issues associated with your Bank. With the strong objective of making your Bank a Zero Customer Complaint Bank, strenuous efforts are being made to reduce the number of suits/ complaints filed against your Bank before different courts/ consumer forums. Legal Department keeps all teams well informed on legal challenges/ issues. The Legal Department also updates the teams/ offices/ branches of the relevant amendments/ modifications to statutes from time to time. Through various concerted efforts, the Department aspires to be the best in house legal team in the industry.

TAXATION POLICY

The Tax Policy of your Bank is approved by the Board of Directors and the same is disclosed in Website of the bank. Implementation of the Tax Policy is monitored by Board of Directors or Audit Committee. In some cases, this responsibility may be delegated to an executive-level position, such as the Managing Director (MD). Managing Director may further delegate the responsibility to Chief Financial Officer (CFO) or the Head of Taxation Department based on merit. The review of the tax policy should be conducted at least annually. If there are significant changes in your Bank's operations or tax laws, the same may also be reviewed.

Following are your Bank's approach to regulatory compliance.

a) Understanding the regulatory environment
b) Developing tax-related policies and procedures
c) Training and awareness
d) Monitoring and auditing
e) Collaboration with tax regulators.

Your Bank's approach to tax is embedded within its overall business strategy and operations. This includes Tax Transparency, Tax Risk Management and Tax Compliance, which cover risk identification, risk management and risk monitoring. To ensure effective tax governance and control, your Bank has established a comprehensive tax policy that addresses tax risk management and compliance with tax laws and regulations. This policy includes tax planning, internal controls and procedures for managing tax risks, as well as your Bank's approach to resolving tax disputes and handling audits. Your Bank is committed to complying with all applicable tax laws and regulations and expects employees to act with integrity in accordance with these laws.

Additionally, your Bank has established a whistle-blower reporting system that allows employees to report concerns related to tax compliance anonymously, without fear of retaliation. Details of the whistle-blower policy can be accessed on Bank's website. Your Bank is committed to addressing any generic concerns relating to tax in a transparent manner. It will ensure that such concerns are appropriately handled and if necessary, will take them up with bodies such as the Indian Bank Association to seek guidance and support.

To ensure the effective implementation of your Bank's tax policy, stakeholders are encouraged to direct any inquiries related to its implementation to their respective tax team line managers. If queries are not resolved within a reasonable timeframe, stakeholders may escalate the matter to the Head of the Taxation Department or the Chief Financial Officer of the Bank for further assistance. Compliance with the tax governance and control framework shall be evaluated through a combination of internal and external assessments by the Taxation Department/Internal Audit. External assessments may include

(1) tax audits performed by statutory auditors under the provisions of the Income Tax Act, and

(2) assessments by tax authorities as per the provisions of various applicable Acts.

Although your Bank is not currently subject to country-to-country reporting requirements, it maintains transparent communication with tax authorities and provides them with the information they request in a timely and accurate manner. Your Bank's operations and tax strategies shall be transparent and align with the economic activities and value creation within the jurisdictions in which it operates.

ANTI-MONEY LAUNDERING

In line with the Bank's commitment to upholding high standards of integrity and compliance, the Anti-Money Laundering (AML) Monitoring Department plays a crucial role in protecting the institution from financial crime. In the past year, the department has

strengthened its frameworks, enhanced its monitoring capabilities, and aligned itself more closely with both local and international regulatory requirements.

Key Activities and Achievements in FY 2024-25

Awards and Accolades

The AML transaction monitoring system was improved to enhance detection capabilities and reduce false positives. Your Bank received the Special Jury Award in August 2024 for its effective implementation of AML measures and recognition of women in Financial Crime Compliance (FCC). This accolade, awarded by Fincrime Expert, is based on an independent jury's assessment comprising experts from the FCC sector.

Collaboration and Regulatory Engagements

Participation in the working group formed by FIU-IND to develop red flags for virtual currencies and human trafficking has improved coordination and effectiveness in managing financial crime risk. Your Bank also participated as a member of the sub- working group on API based fraud constituted by FIU and the working group on Rupee Drawing arrangement. Your Bank contributed to development of guidelines to streamline the remittances processes of inward remittances through intermediary banks thereby fostering a more secure financial environment.

System Enhancements and Data Analytics

Your Bank pioneered the use of an independent screening solution (Firco Compliance Link) for trade remittances for secure and transparent screening. This improved the traceability and audit of transactions undertaken, reducing the risk of sanctions, fraud and increased compliance with regulatory requirements.

RBIH- Mulehunter.ai

Machine learning tools and advanced analytics were deployed on a pilot basis to enhance the efficiency and accuracy of monitoring processes.

Transaction Monitoring and Alerts Management

The department reviews customer transactions using a risk-based approach system. An external audit conducted by EY validated the processes and ensured accuracy in the system configuration and reporting.

Regulatory Compliance and Reporting

System enhancements were undertaken to ensure the timely submission of regulatory reports through the FIU-IND's new portal, FinGate.

Comprehensive Risk Assessment Framework

Your Bank developed and deployed a risk assessment framework tailored to the bank's profile which resulted in identifying and mitigating risks proactively. The results of the risk assessment provide an insight into the ML/TF risk the Bank is exposed to, given the nature and complexity of its business, its customers, products and services and exposure to countries known as risk areas. This in-turn is a factor in the formulation or calibration of AML/CFT policies and action plans including the customer identification procedure. The Internal risk assessment inter alia depicts the customer risk matrix, and this is considered to review the level of due diligence and information collated.

Training Programs and Awareness Sessions

Your Bank implemented a comprehensive training program for all team members in partnership with M/s Fintelekt and intense training focussed on AML risks and compliances was provided for newly inducted resources. This helped to increase staff awareness and competency in AML practices, contributing to a culture of compliance and vigilance throughout the organization.

Future Plans

In the upcoming year, the AML Monitoring Department plans to further enhance its operations by incorporating artificial intelligence tools, increasing data analytics capabilities, and improving customer risk scoring models. Additionally, there will be a focus on aligning with forthcoming regulatory changes and strengthening the monitoring of cross-border transactions. Your Bank's achievements in implementing effective AML measures and contributing to the broader industry landscape validates its hard work and dedication and also inspires the organisation to continue pushing boundaries of AML excellence

MARKETING

The banking industry has continued to evolve rapidly, driven by technological advancements and changing customer expectations. The rise of digital banking, fintech innovations and increased regulatory requirements have reshaped the overall landscape. Federal Bank has embraced these changes, leveraging technology to enhance customer experiences and streamline operations.

FY 2024-25 has been marked by significant achievements and milestones. The strategic vision of the 3S framework—Segment, Scale and Sustain—continued to guide our approach in an ever-evolving business ecosystem. By integrating these pillars with product, programme and pulse, the Bank has created a holistic and dynamic strategy that drives brand success and deepens customer engagement.

Read more about Federal Bank's marketing initiatives in FY 2024-25 on page 38 of the Integrated Annual Report

SERVICE QUALITY

As the demand for banking services continues to rise, it is essential for banks to adopt a customer-centric approach to meet the evolving needs and expectations of their customers. This approach involves prioritizing customer satisfaction and tailoring services to enhance the overall customer experience. Your Bank thus, initiated a Quality movement in 2012 with the following objectives:

- Ensure standardization in the look and feel of branches, as well as uniformity and predictability across all the Bank's touchpoints.
- Create, systems, processes, and procedures, inherently capable of continuous improvement.
- Ensure standardisation in customer communication.
- Monitor customer feedback through surveys, thus capturing insights into customer satisfaction and areas for improvement.

Your Bank has established a dedicated team to identify and implement process improvements that are crucial from a customer perspective. This team is devoted to enhancing the overall customer experience by streamlining operations, reducing inefficiencies,

and ensuring that customer needs are met promptly and effectively. In FY 2024-25, your Bank successfully rolled out over 80+ projects, demonstrating its commitment to continuous improvement and customer satisfaction.

Customer Grievance

Your Bank has an efficient customer service team who are trained to assist the customer with inquires and concerns related to the banking services. Addressing the customer queries on time demonstrates our commitment to service excellence, contributing to your Bank's success and profitability.

No	Particular	March 31, 2024	March 31, 2025
1	Number of complaints pending at the beginning of the year	5864	6657
2	Number of complaints received during the year	260580	174310
3	Number of complaints disposed of during the year	259787	175962
	Of which, the number of complaints rejected by the Bank	166232	112412
4	Number of complaints pending at the end of the year	6657	5005*
	Maintainable complaints received by the Bank from Banking Ombudsman (BO)		
5	Number of maintainable complaints received by the Bank from BOs	1572	1947
	Of which, a number of complaints were resolved in favour of the Bank by BOs	801	889
	Of which, the number of complaints resolved through conciliation/ mediation/ advisories issued by Bos	771	1056
	Of which, a number of complaints were resolved after the Passing of Awards by BOs against the Bank	0	2
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	0	0

**All the complaints received for the period 2024-25 has been properly resolved and outstanding complaints are received in the last month of March 2025. 99% of outstanding are digital disputes which has a specific TAT for resolution*

Elevating Customer Experiences and Building Trust

Your Bank is dedicated to building strong relationships, ensuring customer convenience, and delighting its customers. To enhance customer experience and brand trust, the Bank has increased capacity in call centers, strengthened the grievance mechanisms, upgraded web-based portal services, and introduced various initiatives to simplify customers' lives. Additionally, the Bank observes Customer Day on the 15th of every month, fostering deeper connections at the branches. Your Bank implemented a robust feedback mechanism to collect customer feedback. By actively listening to customers through these surveys, the Bank tailors its offerings to meet customer expectations, enhance loyalty, and maintain a competitive edge.

To continue enhancing customer experience and building strong relationships, your Bank will leverage AI to identify recurring issues and implement proactive solutions, ultimately enhancing customer trust and loyalty. These measures focus on ensuring operational excellence and service delivery with minimal gaps, based on customer feedback. The Bank strives to maintain high customer satisfaction and reduce the number of complaints through an efficient redressal mechanism. By prioritizing these initiatives, your Bank is committed to delivering exceptional service and fostering long-lasting customer relationships.

STRATEGIC PLANNING

Corporate Planning Department plays a pivotal role in shaping the long-term vision of your Bank, steering the organization along its chosen path while upholding the ethos of CARES. It oversees a wide range of critical functions, including Strategic Planning, Budgeting, Business Performance Monitoring, Analytics, Cost Management and the Management Information Systems. By closely tracking the financial, economic and regulatory environment and conducting regular benchmarking exercises, the department ensures that your Bank remains agile in its pursuit of excellence. The long-term vision of your Bank is crystallised by distilling learnings from the various exercises and incorporating the views of diverse stakeholders. Progress against set goals is also tracked regularly to ensure that the vision is translated into reality.

Building on firm foundations established over decades, your Bank embarked on the next leg of its evolutionary journey during the year. With renewed vigour under a new leadership, your Bank set out on its 'Breakthrough' phase to create Federal 4.0 by focusing on 12 major themes which are: 1. NIM Improvement, 2. Expanding Product Portfolio, 3. Fee Enhancement; 4. Branch Strategy for Scalable Growth, 5. Branch Transformation, 6. Brand Transformation, 7. Digital at the Fore, Human at the Core, 8. Renewed Digital Distribution Strategy, 9. People & Culture, 10. Cost Optimization, 11. Strengthening Assurance Functions and 12. Journey towards a Universal Bank. In line with the strategy of expanding presence for scalable growth, your Bank opened 85 new outlets in FY25 in select geographies. As on 31st March 2025, your Bank had 1589 banking outlets and 2080 ATMs/ Cash Recyclers. Your Bank also set the bar higher for scale and profitability by crossing the milestones of Rs 5 Lakh Crore of Total Business and Rs 4000 Crore of Annual Net Profit for the first time during the year, all while maintaining decadal best asset quality. Despite some volatility in the near-term macro environment, the strategic repositioning initiated by your Bank promises to elevate it to a higher league in the future.

Analytics

The Analytics and Data Science industry has witnessed significant advancements in recent years, driven by exponential data growth and the integration of AI and machine learning into data science workflows. The demand for data science skills has surged, with organizations leveraging data for strategic advantage and innovation. Key trends include the rise of real-time analytics, generative AI, augmented analytics, and cloud-native solutions, which are transforming how businesses operate and make decisions. In line with these developments, Data Science team of your Bank has made remarkable strides over the past year, having successfully implemented advanced machine learning models and AI-driven solutions to enhance customer experience and operational efficiency. The team has been instrumental in optimizing costs and uncovering strategic opportunities through data-driven insights. Notable achievements include the development of state-of-the-art analytical frameworks and the establishment of a Centre of Excellence for efficient delivery.

Looking ahead, your Bank's Data Science team is poised for a breakthrough in the domain focussed on leveraging AI and Machine Learning. The team aims to enhance the capabilities in real-time analytics and cloud-native solutions to ensure speed, scalability, and security; with the principal objective to foster deeper customer relationships through personalized solutions and next-best actions. The future holds immense opportunities to drive innovation and strategic thinking. Exploration of new avenues to expand the data science driven initiatives to create additional revenue centres, optimise the costs and enhance portfolio quality. By staying abreast of the latest developments in the field, the team will ensure that your Bank remains at the forefront of the Analytics and Data Science industry.

Management Information Systems (MIS)

The MIS team, operating within the Corporate Planning Department, plays a pivotal role in coordinating comprehensive report generation and reports automation. Their primary objectives include ensuring data quality, accuracy, and timeliness of information for management decision-making. The agile reporting of MIS enables branches and offices to align and organise themselves to the set goals. The automated reports/ insights to individual business units, by making use of cutting-edge business intelligence tools, enable the users to slice and dice data, helping them to derive meaningful insights and empowering them to take informed business decisions.

The major activities handled by the team are - Critical Data Extraction Cell: which works on generation of critical reports (including regulatory) and allied processes, automation and centralized generation of regulatory returns, maintaining SOPs for these returns, and ensuring periodic review of the processes/ SOPs; - Quality Assurance Cell: which works on putting in place various quality checks for critical reports handled by MIS, identifying system/ process gaps which result in data errors and coordinating with different stakeholders for resolution of the issues; -Regulatory Reporting Unit: which is involved in submission of regulatory returns; - Automation and Projects team which explores possibilities in automating reports to different, creation and maintenance of analytical dashboards/ drill-down reporting, improving the efficiency of processes adapted by MIS. Supply of data to different applications and processes including SFTP, CX, Credit Card system, Customer communication system etc; MIS Operations team: which is responsible for handling the adhoc data requests from branches/ offices, development and deployment of standard reports ('CBS Reports'), managing the scheduled activities and other day to day processes of MIS, and maintaining and ensuring completion of calendar list of activities performed regularly (daily/ monthly/ quarterly etc.).

Some of the new projects that are underway are:

- Implementation of Enterprise Data Dictionary facilitating centralized repository that provides a unified overview of an organization's data assets, including definitions, metadata, relationships, and usage.
- Implementation of Mobile Based Dashboard facilitating better data analysis and deriving actionable for business improvements/ monitoring.

CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility (CSR) initiatives of your Bank span a wide footprint, encompassing areas such as Skilling, Education, Healthcare, Women Empowerment, Environmental Sustainability and more. Through its sustainable practices, philanthropic efforts and deep-rooted community engagement, your Bank continues to make meaningful contributions towards societal betterment and creating a lasting positive impact. These projects are implemented through the Federal Bank Hormis Memorial Foundation, a dedicated special purpose vehicle for implementing and executing the Bank's CSR activities.

₹70.89 Cr
Investment in CSR initiatives

42,12,025
Total beneficiaries of these initiatives (FY 25)

Read more about the key CSR projects undertaken during FY 2024–25 by your Bank on page 88 of the Integrated Annual Report.

FEDERAL OPERATIONS & SERVICES LIMITED (FEDSERV)

FedServ is a wholly owned subsidiary company of Federal Bank, established in 2018, that is fully dedicated to providing operational and technology-oriented services to your Bank. Since its inception, FedServ has played a crucial role in reengineering various operational activities and implementing process improvements, contributing to your Bank's overall efficiency and effectiveness.

During the financial year ended March 31, 2025, FedServ has provided support on 235+ operational activities, demonstrating its wide-ranging capabilities and expertise. Account opening Services, Contact Centre, Support activities of Trade Finance, Support works on Loan Collection, Loan Collections, Support on Legality process (execution of agreements), CASA and Credit Cards Sales, ATM monitoring and IT Software Development, are the major processes handled by FedServ. During the FY, FedServ has grown in volume by around 50% and expected to have a similar growth in upcoming years thereby generating higher reduction in cost for the Bank.

FedServ's primary objective is to enhance the customer experience by focusing on standardisation, process efficiency, error reduction, and continuous improvement. This ensures that customers receive consistent and high-quality services while minimising

risks associated with operational activities. FedServ also places a strong emphasis on mitigating perceived risks through robust risk management practices, ensuring compliance with regulatory guidelines and best practices.

FedServ's unwavering commitment to excellence, innovation, and customer-centricity has been instrumental in driving positive outcomes for your Bank. By leveraging its operational and technological expertise, FedServ continues to contribute to the Bank's overall operational efficiency, effectiveness, and customer satisfaction.

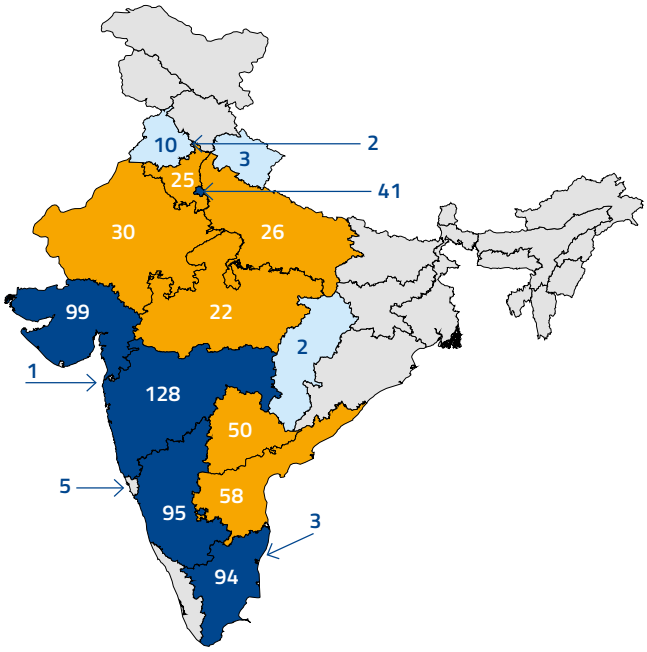
FEDBANK FINANCIAL SERVICES LIMITED

Established in 1995 and promoted by the Federal Bank, Fedbank Financial Services Limited or Fedfina ('the Company') is a publicly listed company, in India. Fedfina is registered with the Reserve Bank of India as a Systemically Important Non-Deposit taking Non-Banking Financial company (NBFC-ND-SI). As on March 31, 2025, Federal Bank holds 61.0% stake.

The company operates with a vision to "Empower Emerging India with Easy Access to Loans". The Company focusses on the working capital requirements of the emerging self-employed segment of the MSMEs, through its product suite. The company offers Mortgage loans & Gold loans to its customer base. The company has its registered headquarters situated in Mumbai. The company has 694 branches, spread across 18 states and union territories with an employee base of 4,568.

Our Focus

The company focusses on the secured granular retail lending segment, particularly among self-employed individuals, underserved by traditional lenders, creating a substantial opportunity for growth. The company prioritises working capital loans with collateral. The company also offers tailored solutions for gold loan customers by understanding their needs.



Business Performance

Fedfina with its array of products across the mortgage and gold loans has seen industry leading growth.

Disbursements (Rs Cr)	FY'24	FY'25
Gold Loan	9,377	14,602
Mortgage Loans	2,834	3,307
Medium Ticket LAP	1,359	2,303
Small Ticket LAP and Housing	1,475	1,004
Unsecured Business Loan	1,367	878
Others	-	-
Total	**13,579**	**18,788**

Assets Under Management (Rs Cr)	FY'24	FY'25
Gold Loan	3,969	5,880
Mortgage Loans	6,218	8,062
Medium Ticket LAP	3,045	4,394
Small Ticket LAP and Housing	3,173	3,668
Unsecured Business Loan	1,826	1,656
Total^	**12,192**	**15,812**

^ includes others and accounting adjustments

For FY 2024-25, Fedfina sourced loans to the tune of ₹18,788 Cr (PY ₹13,579 Cr), registering a growth of 38.4% during the year. The total AUM growth for the year came in at 29.7% to ₹15,812 Cr (PY ₹ 12,192 Cr). The company continued to increase its concentration towards the secured segment.

The company, in order to ensure efficient utilization of capital, has been advancing on the off-book path, employing a combination of co-lending and direct assignment strategies. As of 31st March, 2025, 25.1% of the overall AUM was off-book.

Financial Performance

The Net Interest Income improved 31.9% to ₹1,070.8 Cr (PY ₹812.1 Cr), on the back of improving yields, which rose 118 bps YoY to 17.4% (PY 16.2%)

The Net total income for FY 2024-25 grew by 30.0% to ₹1,2226 Cr (PY ₹943.4 Cr), on the back of healthy NII growth.

The Operating profit grew 32.0% YoY to ₹520.1 Cr (PY ₹393.9 Cr).

The Net profit de-grew 8.0% to ₹225.2 Cr (PY ₹244.7 Cr), impacted by a one-time inch-up in credit provisions done during the year.

The Gross NPA increased 36 bps YoY to 2.02% (PY 1.66%).

The Net NPA declined 10 bps YoY to 1.23% (PY 1.33%).

Profitability (₹ Cr)	FY'24	FY'25
Net Interest Income	812.1	1,070.8
Net Total Income	943.4	1,226.0
Operating Profit	393.9	520.1
Profit before tax	328.1	303.8
Profit after tax	244.7	225.2

Financial Parameters (₹Cr)	FY'24	FY'25
Net Worth	22,608	25,474
Total Assets	1,11,378	1,32,497
Gross NPA %	1.66%	2.02%
Net NPA %	1.33%	1.23%

Higher Credit Rating

The company is rated AA+/Stable by CARE, India Ratings & CRISIL, highlighting the increased confidence of its stakeholders.

People Focus

The company has received a 'Great Place to Work' rating for the sixth consecutive year. With 4,568 employees across India, the Company is guided by four core values encapsulated in the acronym EPIC. The company aspires to epitomise these values: Execution Excellence, People Centricity, Integrity, and Customer Centricity. These principles are the foundation of its organisational culture and guide its actions. It also realises its responsibilities and recognises the importance of CSR activities in creating a social impact on its customers and society at large.



AGEAS FEDERAL LIFE INSURANCE COMPANY LIMITED

Ageas Federal Life Insurance Company Limited (AFLI) continued its steady growth in FY 2024-25 focusing on expanding its distribution network, enhancing digital capabilities, and improving customer experience. It made meaningful progress on its transformation journey through investments in technology, operational efficiency, and product innovation. AFLI maintained a strong balance across its product portfolio while delivering healthy business performance. Sustainability remained a key focus, with ESG principles integrated into Company's strategies. The Company is well-positioned for continued growth in FY 2025-26.

AFLI achieved 11% growth in New Business Premium (NBP) for FY 2024–25. The Company also maintained a well-balanced distribution in Individual New Business Premium, with 77% from Regular Premium and 23% from Single Premium.

In FY 2024-25, there was a continued focus on customers seeking financial solutions to strengthen their future and achieve their desired lifestyle. AFLI remains dedicated to its strategic objectives, working to support customers in this process while contributing to the broader goal of building a healthier and more sustainable society.

In today's interconnected world, the role of digitalisation is more important than ever. Ageas Federal Life Insurance (AFLI) has made significant strides in its journey, prioritising people at the core of its operations. The Company has equipped its workforce with the necessary digital tools to effectively perform their roles. To simplify the insurance process for customers, AFLI has reimagined the customer experience through innovative digital solutions. By investing in advanced technology and focusing on digital channels and online platforms, the Company has streamlined the process, ensuring a seamless and efficient experience at every stage of the customer journey.

AFLI has demonstrated strong adaptability to macroeconomic changes, including shifts in interest rates and market conditions. The Company adjusted its product mix accordingly to offer improved terms to customers while maintaining a balanced portfolio. Through close collaboration with its distribution partners, AFLI has strengthened its position in the market, achieving a 31% growth in New Business APE.

Despite the ongoing competitive pressures in the life insurance industry, AFLI remains well-positioned for continued growth. The

Company's Operating Cost Ratio stands at 19%, and it recorded a profit before tax of ₹ 90 Crore for the year.

Awards and Accolades

The organisation's commitment to creating an exceptional employee experience has earned it the distinction of being recognised as a Great Place to Work® for the sixth consecutive year and India's Best Workplaces in BFSI Top 50.

The organization's dedication to corporate governance was recognized with a Certificate of Appreciation at the 24th Annual National Awards for Excellence in Corporate Governance.

Ageas Federal Life Insurance has been recognized as the Runner-Up in the Emerging Insurers Highest Growth - Life Insurance category at the ASSOCHAM 16th Global Insurance Summit & Awards.

In recognition of our consistent efforts, creative execution, and positive approach to brand-building. AFLI was also awarded with the prestigious 'The Corporate Titan Award' for Excellence in Brand Storytelling.

Transformation Journey

Ageas Federal Life Insurance embarked on its Transformation Journey "Reimagine Tomorrow". The company transformation Journey is led by 8 Pillars i.e. Unlock potential of Bancassurance, Rebuild Proprietary Channels, Strategic Partnerships, Create Digital Distribution Capabilities, Harnessing the Power of Data and Digital, Enhancing Customer Centricity, Building Team spirit and a Collaborative Culture and putting Sustainability at heart of our Business. The strategy is driven by the set of core values at its foundation: Care, Dare, Deliver and Share.

Over the last three years, we have made significant progress on the identified 8 pillars of our Transformation Journey.

In line with these objectives, AFLI further strengthened its relationship with Federal Bank, its Promoter and largest Bancassurance partner. To deliver a seamless experience to customers AFLI and Federal Bank have integrated the customer journeys across Digital platforms, Loan Platforms and Relationship Manager assisted journeys.

As a step forward in providing customized solutions, AFLI and Federal Bank are jointly developing analytic models to provide pre-approved cover to meet the needs of Bank's customers.

AFLI implemented an automated underwriting system in partnership with India's leading Reinsurer. This has led to high straight through processing and steep reduction in turnaround times. This has improved customer satisfaction, increased operational efficiency, and built scalability to process higher business volumes.

Customer centricity has been a key focus area and we are making continuous efforts to make our customer onboarding and service journeys as effortless as possible. We have made significant progress in reducing on boarding turnaround time, improving persistency, customer retention and reduction in customer complaints.

AFLI successfully implemented 'Plug n Play' digital Infrastructure for Group Policies. This provides us with the capability to integrate seamlessly with large digital partners and provide best-in-class experience. 'Sprout' our digital group onboarding platform has enabled us to partner with large sized digital distributors, which has led to exponential growth in our digital distribution. Another 'plug n play' solution which went live was 'Credit Life Connect'. It enables the co-orgination of group policies against the loans offered by the bank, in a seamless digitally enabled journey for a great distributor and customer experience.

AFLI also focused on growing its proprietary channels - Agency, Group and DST in a smart, calibrated manner. All the above channels have shown growth in FY 2024-25. We revamped our website for an improved look and feel, reflecting the vibe of Transformation within the company.

Upgrading our core IT systems to enhance reliability and scalability was a significant milestone in this journey; we have completed the migration of our policy administration systems and workflow. Additionally, we initiated the roadmap to modernize our data architecture, laying the foundation for a data driven organization with growth and innovation.

As we embarked on this transformation journey, sustainability remains at the forefront of our priorities. Committed to the UN Sustainable Development Goals (SDGs), we are integrating sustainability into all aspects of our strategy and core business decisions. We have developed an actionable plan with measurable targets to ensure that sustainability is not just a goal but a fundamental principle guiding our operations.

Ageas Federal Life Insurance is excited to usher in a new era of transformation, dedicated to building a future steeped in sustainability and excellence. We are confident that our strategic initiatives and commitment to sustainability will drive continued success and value creation for all stakeholders.

Products

In today's dynamic business environment, keeping pace with evolving customer expectations and regulatory developments remains central to our product strategy. During the year, a strong emphasis was placed on portfolio expansion and product refinement to ensure relevance, simplicity, and value for our customers. We now offer a comprehensive suite of 29 products catering to the protection, savings, investment, and retirement needs of a wide range of customer segments.

This year, we successfully launched Super Cash Supreme Plan under the Par category, which has seen encouraging traction owing to its unique benefits and flexible income options. In the Group business segment, we strengthened our credit life portfolio with the launch of the Group Home Secure Plan - a new Mortgage Reducing Term Assurance (MRTA) product. In response to the growing demand for retirement solutions, we launched the Golden Years Pension Plan, offering customers a dependable source of income in their post-retirement years. Additionally, we introduced three new riders - Group Accidental Rider on the group platform, and Critical Shield Rider and Accident Care Rider on the individual platform, to enhance protection coverage.

To support the evolving investment preferences of our policyholders, two new fund options were added to our Life and Pension fund suite - Bluechip Fund Pension and Momentum Growth Fund, offering

opportunities for long-term capital growth. In line with regulatory updates, the entire product suite was comprehensively revamped to ensure compliance, improve operational efficiency, and deliver a superior customer experience. Furthermore, nine existing products were enhanced through feature upgrades or repricing to improve alignment with market needs and movements.

Our continued focus on innovation and responsiveness has enabled us to deliver a strong and future-ready product proposition, reinforcing our commitment to meeting the diverse financial goals of our customers.

EQUIRUS CAPITAL PRIVATE LIMITED

Based on Consolidated Financials, the total gross revenue generated by the Company during the financial year ended March 31, 2025, was ₹ 383 Crore as compared to ₹ 236 Crore during the previous financial year. Profit before tax posted by the Company for the financial year ended March 31, 2025, was ₹ 130 Crore as against ₹ 60 Crore reported in the previous financial year ended March 31, 2024. Profit after tax was ₹ 98 Crore for the financial year ended March 31, 2025, as against ₹ 44 Crore in the previous financial year. Net worth increased to ₹ 264 Crore from ₹ 157 Crore in the previous year. Also, during the FY 2024-25, Equirus was honoured as a "Great Place to Work" for the Third consecutive year.

ECPL Subsidiaries/Associate: -

As on March 31, 2025, below are the subsidiaries of ECPL along with their key businesses:

- Equirus Securities Private Limited (ESPL) - Institutional broking business in the cash and derivative segment and is also registered as Research Analysts and Depository Participant.
- Equirus Wealth Private Limited (EWPL) – Distribution of wealth products, Portfolio Management Services, Stock Broking, Depository Participant and Investment manager to SEBI registered category – I AIF. EWPL (IFSC Branch) is investment manager to IFSC registered category – III AIF.
- Equirus Finance Private Limited (EFPL)– Incorporated to carry out NBFC activity subject to receipt of approval of RBI license.
- Equirus Raghnall Insurance Broking Private Limited (Associate Company)- Insurance Broking (Direct- Life & General).

The company has observed strong growth during the year in all businesses, including the businesses of subsidiaries. Some of the highlights of the performance are as under:

Investment Banking

- In FY 2024-25, Equirus delivered 30 transactions with 24 Capital market transactions comprising 8 IPOs/ Pre-IPOs, 5 QIPs, 11 Blocks and 6 advisory (M&A/ PE/ Structured Finance) transactions. The pipeline of transactions is robust and now gearing towards larger transactions.

Institutional Equities

- The Institutional Equities division of Equirus demonstrated robust performance in FY 2024-25, achieving a total revenue of ₹124 Crore, up from ₹ 76.9 Crore in FY 2023-24, reflecting substantial year-on-year growth. Turnover in the cash segment rose significantly to ₹ 1,52,779 Crore from ₹ 1,09,996 Crore in the previous year, while the F&O turnover also saw a notable increase from ₹ 2,20,828 Crore to ₹ 4,19,630 Crore. The revenue contribution from domestic institutional investors (DIIs) remained dominant, comprising 82% of the total revenue, although foreign institutional investor (FII) share improved to 16%, up from 12% in FY 2023-24. Equirus maintained a stable market share in DII cash turnover at 2.2%, with FII market share steady at 0.1%.

Wealth & Asset Management

- Equirus Wealth enters FY 2025-26 with strong momentum across all business verticals, underpinned by robust revenue growth, strategic acquisitions, and an expanding client base. The company surpassed a key milestone in FY 2024-25 by crossing ₹ 18,000 Crore in AUM, a growth significantly accelerated by the acquisition of Credence Family Office. This strategic acquisition deepens Equirus' reach in the HNI and UHNWI segments, reinforcing its wealth and distribution platform while setting the stage for infrastructure and product integration in Q1 FY 2025-26.
- The distribution vertical reported a 30% YoY revenue growth, coupled with a 47% increase in AUM, highlighting its strong client traction.
- The AMC business remains strategically focused, with upcoming launches such as a Pre-IPO/PE fund and an ELHF offshore product through GIFT City. While AUM saw some moderation, continued investments in expanding the sales force, enhancing operations, and strengthening distributor engagement are expected to drive positive inflow momentum in FY 2025-26.

Insurance Broking

- Equirus Raghnall Insurance Broking enters FY 2025-26 on a strong footing, having recorded a 23% increase in revenue, rising from ₹2,404.3 Lakh in FY 2023-24 to ₹2,964.7 Lakh in FY 2024-25. Premium collections showed consistent quarterly momentum, culminating in an annual total of ₹11,777.6 Lakh, with notable contributions from the Fire, Health, and Miscellaneous segments. EBITDA rose significantly to ₹376.6 Lakh from ₹99.3 Lakh, reflecting enhanced operational efficiency and disciplined cost management, despite moderate increases in total expenditure.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE FEDERAL BANK LIMITED

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Standalone Financial Statements of The Federal Bank Limited ("the Bank"), which comprise the Balance Sheet as at March 31, 2025, the Profit and Loss Account, the Cash Flow Statement for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information ("the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Banking Regulation Act, 1949, circular, directions and the guidelines issued by the Reserve Bank of India ("the RBI") from time to time ("the RBI Guidelines") and the Companies Act, 2013 ("the Act") in the manner so required for banking companies and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with Companies (Accounting Standards) Rules, 2021 and other accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2025, its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountant of India ("the ICAI"). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements for the year ended March 31, 2025. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No	Key Audit Matters	How the Key Audit Matters was addressed in our audit
1	**Identification of and provisioning for Non-Performing Advances ("NPA")** Total Advances (Net of Provisions) as at March 31, 2025: ₹ 2,34,83,63,947 thousands Provision of NPA: ₹ 3,29,80,485 thousands as at March 31, 2025. (Refer to Schedule 9, Schedule 17(4.2) and of Schedule 18(1.4.1.A1)).	
	The RBI guidelines on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances ("IRAC") and other circulars and directives issued by the RBI from time to time pertaining to Advances, prescribes the norms for identification and classification of performing and NPA and the minimum provisions required for such advances. The Bank is required to have a Board approved policy in place for identification and classification of advances in Standard and NPA and provisioning thereon. The Bank is also expected to apply its judgement to determine the identification and provisioning required against NPA by applying quantitative as well as qualitative factors. The provision on NPA is estimated based on the asset classification of NPAs, nature of loan product, value of security and other qualitative factors and is subject to the minimum provisioning as per IRAC and Board approved policy in this regard. Since the identification of NPAs and provisioning for advances requires a significant level of estimation and given its significance to the overall audit including possible observation by RBI which could result into disclosure in the Financial Statements, we have ascertained identification and provisioning for NPAs as a key audit matter.	**Our audit procedures in respect of this area included, but not limited to:** **Process understanding and control testing:** • Obtained an understanding of management's process, systems/ applications and controls implemented in relation to advances, identification of NPA and provisions thereon. • Tested system/application controls including automated process, controls and system-based reconciliations pertaining to advances, NPA identification and provision on advances as per IRAC norms and Board approved policy. **Performed other substantive procedures including the following, but not limited to:** • Selected samples for testing, based on quantitative and qualitative risk factors. For the selected samples, tested accuracy of days past due computation, assets classification at borrower level and provisioning as per IRAC norms and Board approved policy. • Verified samples selected based on quantitative and qualitative factors to test their conduct, security valuation, impairment indicators basis their financial strength or external factors if any. • Inquired with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which needs to be factored in classification of account as NPA.

INDEPENDENT AUDITORS' REPORT (Contd..)

Sr. No	Key Audit Matters	How the Key Audit Matters was addressed in our audit
		• Discussed with the management of the Bank on sectors where there is perceived credit risk and the steps taken by management to mitigate the risks pertaining to identified stress sectors.
2	**Information Technology ("IT") systems and controls impacting financial controls**	
	The Bank's key financial accounting and reporting processes are highly dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being misstated. Amongst its multiple IT systems, we scoped in systems that are key for overall financial reporting. Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting. We have identified 'IT systems and controls' as a key audit matter considering the high level of automation, significant number of systems being used by management and the complexity of the IT architecture and its impact on overall financial reporting process and regulatory expectation on automation.	**Key IT audit procedures performed included the following, but not limited to:** • For testing the IT general controls, application controls and IT dependent manual controls, we involved IT specialists as part of the audit. The team also assisted in testing the accuracy of the information produced by the Bank's IT systems. • Obtained a comprehensive understanding of IT applications landscape implemented at the Bank. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology. • Key IT audit procedures includes testing design and operating effectiveness of key controls operating over user access management (which includes user access provisioning, de-provisioning, access review, password configuration review, segregation of duties and privilege access), change management (which include change release in production environment are compliant to the defined procedures and segregation of environment is ensured), program development (which include review of data migration activity), computer operations (which includes testing of key controls pertaining to, backup, Batch processing (including interface testing), incident management and data centre security), System interface controls. This included testing that requests for access to systems were appropriately logged, reviewed and authorized. • In addition to the above, the design and operating effectiveness of certain automated controls, that were considered as key internal system controls over financial reporting were tested. Using various techniques such as inquiry, review of documentation / record / reports, observation, and re-performance. We also tested few controls using negative testing technique. • Tested compensating controls and performed alternate procedures, where necessary. In addition, understood where relevant changes made to the IT landscape during the audit period.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Bank's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the Standalone Financial Statements, and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the Standalone Financial Statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with Companies (Accounting Standards) Rules, 2021 and the Banking Regulation Act, 1949 and the RBI Guidelines. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, Banking Regulation Act, 1949 and RBI Guidelines for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate significant accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal

financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, Board of Directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls with reference to Standalone Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of significant accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Bank.
- Conclude on the appropriateness of management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements for the year ended March 31, 2025 and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Act and relevant rules issued thereunder.

2. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:

    a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory.

    b. the transactions of the Bank, which have come to our notice, have been within the powers of the Bank.

    c. since the key operations of the Bank are automated with the key applications integrated to the core banking systems, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein. However, during the course of our audit we have visited 152 branches.

3. As required by Section 143(3) of the Act, we report that:

    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b. In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books.

INDEPENDENT AUDITORS' REPORT (Contd..)

c. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d. In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, to the extent they are not inconsistent with the guidelines prescribed by the RBI.

e. On the basis of the written representations received from the directors as on March 31, 2025, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2025, from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Bank has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Schedule 12, Note 4.22 of Schedule 17 and Note 1.12.5 of Schedule 18 to the Standalone Financial Statements;

ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Schedule 12, Note 4.22 of Schedule 17 and Note 1.12.5 of Schedule 18 to the Standalone Financial Statements; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank- Refer Note 3.10 of Schedule 18 to the Standalone Financial Statements.

iv. (1) The Management has represented that, to the best of its knowledge and belief as disclosed in Note 3.12 of Schedule 18 to the Standalone Financial Statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(2) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the Note 3.12 to the Standalone Financial Statements, no funds have been received by the Bank from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Bank shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(3) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the management in this regard nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.

v. The Bank has declared and paid dividend during the year which is in compliance with section 123 of the Act and the Banking Regulation Act, 1949.

vi. Based on our examination which included test checks, the Bank has used an accounting software for maintaining its books of account including the system managed and maintained by a third-party software service provider which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all the relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with. Additionally, the audit trail of prior year has been preserved by the Bank as per the statutory requirements for record retention.

h. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, the Bank is a banking Company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under Section 197 of the Act do not apply.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration
Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 25117812BMNULE6303

Mumbai
April 30, 2025

For **Suri & Co**
Chartered Accountants
ICAI Firm Registration
Number: 004283S

G. Rengarajan
Partner
Membership Number: 219922
UDIN: 25219922BMISTM4657

Mumbai
April 30, 2025

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE FEDERAL BANK LIMITED.

[Referred to in paragraph 3(f) under 'Report on Other Legal and Regulatory Requirements' Section of our report of even date]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to Standalone Financial Statements of The Federal Bank Limited ("the Bank") as of March 31, 2025, in conjunction with our audit of the Standalone Financial Statements of the Bank for the year ended on that date.

Opinion

In our opinion, the Bank has, in all material respects, an adequate internal financial controls with reference to Standalone Financial Statements and such internal financial controls with reference to Standalone Financial Statements were operating effectively as at March 31, 2025, based on the internal control with reference to Standalone Financial Statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by Institute of Chartered Accountant of India ("the ICAI").

Management's and Board of Director's Responsibility for Internal Financial Controls

The Bank's Management are responsible for establishing and maintaining internal financial controls based on the internal control with reference to Standalone Financial Statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Standalone Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to Standalone Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls with reference to Standalone Financial Statements.

Meaning of Internal Financial Controls With reference to Standalone Financial Statements

Bank's internal financial control with reference to Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. Bank's internal financial control with reference to Standalone Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in

INDEPENDENT AUDITORS' REPORT (Contd..)

reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorizations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Bank's assets that could have a material effect on the Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls With reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to Standalone Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Standalone Financial Statements to future periods are subject to the risk that the internal financial control with reference to Standalone Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration
Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 25117812BMNULE6303

Mumbai
April 30, 2025

For **Suri & Co**
Chartered Accountants
ICAI Firm Registration
Number: 004283S

G. Rengarajan
Partner
Membership Number: 219922
UDIN: 25219922BMISTM4657

Mumbai
April 30, 2025

THE FEDERAL BANK LIMITED

BALANCE SHEET

AS ON MARCH 31, 2025

(₹ in Thousands)

	Schedule	As on March 31, 2025	As on March 31, 2024
CAPITAL AND LIABILITIES			
Capital	1	4,911,658	4,870,703
Reserves and surplus	2	329,294,508	286,073,479
Deposits	3	2,836,474,727	2,525,340,153
Borrowings	4	237,263,046	180,264,164
Other liabilities and provisions	5	82,104,075	86,569,518
TOTAL		**3,490,048,014**	**3,083,118,017**
ASSETS			
Cash and balances with Reserve Bank of India	6	203,544,369	114,935,677
Balances with banks and money at call and short notice	7	105,048,074	74,693,490
Investments	8	662,456,067	608,595,267
Advances	9	2,348,363,947	2,094,033,349
Fixed assets	10	14,782,703	10,200,583
Other assets	11	155,852,854	180,659,651
TOTAL		**3,490,048,014**	**3,083,118,017**
Contingent liabilities	12	2,082,620,402	1,020,725,470
Bills for collection		92,327,980	71,578,413
Significant accounting policies	17		
Notes to accounts	18		
Schedules referred to above form an integral part of the Balance Sheet			

As per our report of even date

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No: 105047W

Swapnil Kale
Partner
Membership No: 117812

For **Suri & Co**
Chartered Accountants
ICAI Firm Registration No: 004283S

G. Rengarajan
Partner
Membership No: 219922

Place: Mumbai
Date : April 30, 2025

For **The Federal Bank Limited**

Krishnan Venkat Subramanian
Managing Director & CEO
DIN: 00031794

Shalini Warrier
Executive Director
DIN: 08257526

Venkatraman Venkateswaran
Chief Financial Officer

Manikandan Muthiah
Head - Financial Reporting

A P Hota
Chairman
DIN: 02593219

Harsh Dugar
Executive Director
DIN: 00832748

Samir P Rajdev
Company Secretary

THE FEDERAL BANK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2025

(₹ in Thousands)

	Schedule	Year ended March 31, 2025	Year ended March 31, 2024
I. INCOME			
Interest earned	13	263,652,523	221,882,573
Other income	14	38,012,493	30,792,717
TOTAL		**301,665,016**	**252,675,290**
II. EXPENDITURE			
Interest expended	15	168,972,565	138,947,754
Operating expenses	16	71,681,110	61,982,694
Provisions and contingencies (Refer Note 1.12.5 of Schedule 18)		20,492,466	14,538,861
TOTAL		**261,146,141**	**215,469,309**
III. PROFIT/(LOSS)			
Net profit for the year		**40,518,875**	**37,205,981**
Profit brought forward		70,480,248	53,852,696
TOTAL		**110,999,123**	**91,058,677**
IV. APPROPRIATIONS			
Transfer to Revenue Reserve		6,067,154	5,542,518
Transfer to Statutory Reserve		10,129,718	9,301,495
Transfer to Capital Reserve		835,505	817,635
Transfer to Investment Fluctuation Reserve		1,519,271	668,442
Transfer to Investment Reserve		-	162,431
Transfer to Special Reserve		1,956,500	1,736,800
Dividend pertaining to previous year paid during the year (Refer Note 3.2 E of Schedule 18)		2,940,023	2,349,108
Balance carried over to Balance Sheet		87,550,952	70,480,248
TOTAL		**110,999,123**	**91,058,677**
Earnings per share (Face value of ₹ 2/- each) (₹) (Refer Note 3.1 of Schedule 18)			
Basic		16.54	16.07
Diluted		16.37	15.87
Significant accounting policies	17		
Notes to accounts	18		
Schedules referred to above form an integral part of the Profit and Loss account			

As per our report of even date

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No: 105047W

Swapnil Kale
Partner
Membership No: 117812

For **Suri & Co**
Chartered Accountants
ICAI Firm Registration No: 004283S

G. Rengarajan
Partner
Membership No: 219922

Place: Mumbai
Date : April 30, 2025

For **The Federal Bank Limited**

Krishnan Venkat Subramanian
Managing Director & CEO
DIN: 00031794

A P Hota
Chairman
DIN: 02593219

Shalini Warrier
Executive Director
DIN: 08257526

Harsh Dugar
Executive Director
DIN: 00832748

Venkatraman Venkateswaran
Chief Financial Officer

Samir P Rajdev
Company Secretary

Manikandan Muthiah
Head - Financial Reporting

THE FEDERAL BANK LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2025

(₹ in Thousands)

	Year ended March 31, 2025	Year ended March 31, 2024
Cash Flow from Operating Activities		
Net Profit before taxes	53,680,675	49,783,781
Adjustments for:		
Depreciation on Bank's Property	2,672,550	2,151,484
Profit on revaluation of Investments (net)	(1,379,880)	(289,792)
Amortisation of premium / (discount) on Investments	(941,546)	1,731,776
Provision / Charge for Non Performing Advances	8,040,610	4,011,458
Provision for Investments, Standard Assets and Contingencies	(709,945)	(2,050,397)
(Profit) / Loss on sale of fixed assets (net)	(25,226)	(84,332)
Profit on Sale of Investment in Subsidiary	-	(991,140)
Profit on Sale of Investment in Associate	(649,120)	-
Dividend From Subsidiaries / Associates	(226,810)	(165,846)
Employees Stock Option Expense	84,855	15,824
	60,546,163	**54,112,816**
Adjustments for working capital changes:-		
Increase in Investments [excluding investments in Subsidiaries, Associates and Held to Maturity Investments]	(15,939,505)	(33,468,877)
Increase in Advances	(262,371,209)	(353,575,962)
Decrease in Other Assets	25,183,179	2,344,707
Increase in Deposits	311,134,574	391,479,768
Increase / (Decrease) in Other Liabilities and Provisions	(5,329,744)	27,052,792
	52,677,295	**33,832,428**
Direct taxes paid (net)	(12,489,688)	(12,415,649)
Net Cash Flow from Operating Activities	**100,733,770**	**75,529,595**
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(7,266,955)	(3,036,718)
Proceeds from Sale of Fixed Assets	37,511	108,723
Dividend From Subsidiaries / Associates	226,810	165,846
Proceeds from sale of investment in Subsidiary	-	1,150,000
Proceeds from sale of investment in Associate	775,500	-
Purchase of Held to Maturity Investments (net)	(31,210,605)	(86,906,367)
Net Cash flow used in Investing Activities	**(37,437,739)**	**(88,518,516)**

THE FEDERAL BANK LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

(₹ in Thousands)

	Year ended March 31, 2025	Year ended March 31, 2024
Cash Flow from Financing Activities		
Proceeds from Issue of Share Capital	40,955	638,301
Proceeds from Share Premium (Net of share issue expenses)	1,610,216	40,408,749
Redemption of Subordinate Debt	(3,000,000)	-
Increase / (Decrease) in Borrowings (Excluding Subordinate Debt)	59,998,882	(12,928,727)
Dividend Paid	(2,940,023)	(2,349,108)
Net Cash flow from Financing Activities	**55,710,030**	**25,769,215**
Effect of exchange fluctuation on translation reserve	(42,785)	(37,933)
Net Increase in Cash and Cash Equivalents	**118,963,276**	**12,742,361**
Cash and Cash Equivalents at the beginning of the year	189,629,167	176,886,806
Cash and Cash Equivalents at the end of the year	308,592,443	189,629,167

Notes:

1. Cash and Cash Equivalents comprises of Cash in hand (including foreign currency notes), Balances with Reserve Bank of India, Balances with banks and money at call and short notice (Refer Schedules 6 and 7 of the Balance Sheet)

2. Corporate Social Responsibility related expenses spent in cash during the year is ₹ 754,853 Thousands (Previous year: ₹ 575,507 Thousands)

As per our report of even date

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No: 105047W

Swapnil Kale
Partner
Membership No: 117812

For **Suri & Co**
Chartered Accountants
ICAI Firm Registration No: 004283S

G. Rengarajan
Partner
Membership No: 219922

Place: Mumbai
Date : April 30, 2025

For **The Federal Bank Limited**

Krishnan Venkat Subramanian
Managing Director & CEO
DIN: 00031794

Shalini Warrier
Executive Director
DIN: 08257526

Venkatraman Venkateswaran
Chief Financial Officer

Manikandan Muthiah
Head - Financial Reporting

A P Hota
Chairman
DIN: 02593219

Harsh Dugar
Executive Director
DIN: 00832748

Samir P Rajdev
Company Secretary

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 1 - CAPITAL (Refer Note 3.2 of Schedule 18)

(₹ in Thousands)

	As on March 31, 2025	As on March 31, 2024
Authorised Capital	8,000,000	8,000,000
4,000,000,000 (Previous year 4,000,000,000) equity shares of ₹ 2/- each		
Issued Capital	4,914,309	4,873,354
2,457,154,360 (Previous year 2,436,677,233) equity shares of ₹ 2/-each		
Subscribed, Called-up and Paid-up Capital	4,911,659	4,870,704
2,455,829,065 (Previous year 2,435,351,938) equity shares of ₹ 2/-each		
Less: Calls unpaid	1	1
Total	**4,911,658**	**4,870,703**

SCHEDULE 2 - RESERVES AND SURPLUS

(₹ in Thousands)

	As on March 31, 2025	As on March 31, 2024
I. Statutory Reserve		
Opening balance	55,362,261	46,060,766
Additions during the year	1,01,29,718	9,301,495
Deductions during the year	-	-
	65,491,979	**55,362,261**
II. Capital Reserves		
a) Revaluation Reserve		
Opening balance	50,091	50,091
Additions during the year	-	-
Deductions during the year	-	-
	50,091	**50,091**
b) Others		
Opening balance	8,385,378	7,567,743
Additions during the year*	835,505	817,635
Deductions during the year	-	-
	9,220,883	**8,385,378**
Total (a+b)	**9,270,974**	**8,435,469**
III. Share premium (Refer Note 3.2 of Schedule 18)		
Opening balance	102,131,434	61,716,219
Additions during the year	1,612,312	40,818,546
Deductions during the year	-	(403,331)
	103,743,746	**102,131,434**
IV. Revenue and Other Reserves		
a) Revenue Reserve		
Opening balance	34,941,682	29,399,164
Additions during the year	7,117,413	5,542,518
Deductions during the year	-	-
	42,059,095	**34,941,682**
b) Investment Fluctuation Reserve (Refer Note 1.2.1 B of Schedule 18)		
Opening balance	2,575,332	1,906,890
Additions during the year	1,681,702	668,442
Deductions during the year	-	-
	4,257,034	**2,575,332**
c) Special Reserve (As per section 36(1)(viii) of Income Tax Act, 1961)		
Opening balance	11,826,900	10,090,100
Additions during the year	1,956,500	1,736,800
Deductions during the year	-	-
	13,783,400	**11,826,900**
V. Investment Reserve Account		
Opening balance	162,431	-
Additions during the year	-	162,431
Deductions during the year	(162,431)	-
	-	**162,431**

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd..)

(₹ in Thousands)

	As on March 31, 2025	As on March 31, 2024
VI. Foreign Currency Translation Reserve (Refer Schedule 17 (4.6))		
Opening balance	(177,418)	(139,485)
Additions during the year	-	-
Deductions during the year	(42,785)	(37,933)
	(220,203)	**(177,418)**
VII. ESOP Reserve		
Opening balance	34,137	24,779
Additions during the year	84,856	15,824
Deductions during the year	(2,096)	(6,466)
	116,897	**34,137**
VIII. AFS Reserve		
Opening balance	-	-
Additions during the year	3,065,438	-
Deductions during the year	(804,899)	-
	2,260,539	**-**
IX. Cash Flow Hedge Reserve		
Opening balance	-	-
Additions during the year	696,999	-
Deductions during the year	(17,907)	-
	679,092	**-**
X. Contingency Reserve		
Opening balance	301,003	301,003
Additions during the year	-	-
Deductions during the year	-	-
	301,003	**301,003**
XI. Balance in Profit and Loss Account	**87,550,952**	**70,480,248**
Grand Total (I+II+III+IV+V+VI+VII+VIII+IX+X+XI)	**329,294,508**	**286,073,479**

* - Includes Profit appropriated to Capital Reserve (net of applicable taxes and transfer to statutory reserve) on :

a) Gain on sale of Held to Maturity Investments ₹ 440,172 Thousands (Previous year ₹ 213,971 Thousands)

b) Gain on reclassification / sale of investments in Subsidiary / Associate ₹ 384,335 Thousands (Previous year ₹ 555,543 Thousands)

c) Profit on sale of Premises ₹ 10,998 Thousands (Previous year ₹ 48,121 Thousands)

SCHEDULE 3 - DEPOSITS

(₹ in Thousands)

	As on March 31, 2025	As on March 31, 2024
A. I. Demand Deposits		
i. From banks	6,412,684	2,199,300
ii. From others	218,443,093	165,721,589
	224,855,777	**167,920,889**
II. Savings Bank Deposits	**638,922,444**	**578,587,491**
III. Term Deposits		
i. From banks	51,219,543	41,988,325
ii. From others	1,921,476,963	1,736,843,448
	1,972,696,506	**1,778,831,773**
Grand Total (I+II+III)	**2,836,474,727**	**2,525,340,153**
B. I. Deposits of branches in India	2,831,619,524	2,524,784,328
II. Deposits of branches outside India	4,855,203	555,825
Total	**2,836,474,727**	**2,525,340,153**

Deposits includes lien marked deposits of ₹ 246,385,927 Thousands (Previous Year ₹ 292,704,743 Thousands)

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd..)

SCHEDULE 4 - BORROWINGS

(₹ in Thousands)

	As on March 31, 2025	As on March 31, 2024
I. Borrowings in India		
i. Reserve Bank of India	22,500,000	28,510,000
ii. Other banks	680,000	5,771,000
iii. Other institutions and agencies	180,227,980	109,996,027
Total	**203,407,980**	**144,277,027**
II. Borrowings outside India	33,855,066	35,987,137
Grand Total (I and II)	**237,263,046**	**180,264,164**
a) Secured borrowings included in I and II above	170,727,980	119,177,027
b) Tier II bond included in I(ii) & I(iii) above	16,950,000	19,950,000

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(₹ in Thousands)

	As on March 31, 2025	As on March 31, 2024
I. Bills payable	5,229,794	6,535,793
II. Inter - office adjustment (net)	-	-
III. Interest accrued	8,162,901	6,763,260
IV. Others (including provisions)*	68,711,380	73,270,465
Total	**82,104,075**	**86,569,518**
*Includes		
(a) General provision for standard assets (Refer Note 1.4.12 of Schedule 18)	12,004,103	12,464,103
(b) Deferred Tax Liability (Net) (Refer Note 2.4 of Schedule 18)	1,701,376	277,075

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(₹ in Thousands)

	As on March 31, 2025	As on March 31, 2024
I. Cash in hand (including foreign currency notes)	7,942,104	9,529,372
II. Balance with Reserve Bank of India		
i. in Current Accounts	114,002,265	105,406,305
ii. in Other Accounts	81,600,000	-
Total (I+II)	**203,544,369**	**114,935,677**

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(₹ in Thousands)

	As on March 31, 2025	As on March 31, 2024
I. In India		
i. Balances with banks		
a. in Current Accounts	5,632,963	4,685,889
b. in Other Deposit Accounts	561,482	10,500
ii. Money at call and short notice		
a. With banks	-	-
b. With other institutions	10,614,770	4,490,520
Total	**16,809,215**	**9,186,909**
II. Outside India		
i. in Current Accounts	8,359,164	8,829,647
ii. in Other Deposit Accounts	79,281,370	55,676,074
iii. Money at call and short notice	598,325	1,000,860
Total	**88,238,859**	**65,506,581**
Grand Total (I and II)	**105,048,074**	**74,693,490**

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd..)

SCHEDULE 8 - INVESTMENTS

(₹ in Thousands)

	As on March 31, 2025	As on March 31, 2024
I. Investments in India in		
i. Government securities #	560,712,432	518,403,558
ii. Other approved securities	-	-
iii. Shares	8,886,630	5,954,893
iv. Debentures and bonds	34,398,282	32,926,764
v. Subsidiaries and/or joint ventures	8,926,160	6,529,160
vi. Others @	49,331,305	44,658,365
Total	**662,254,809**	**608,472,740**
II. Investments outside India in		
i. Government securities (including local authorities)	42,008	32,048
ii. Subsidiaries and/or joint ventures abroad	-	-
iii. Other investments		
a. Debentures and bonds	144,264	80,221
b. Shares	14,986	10,258
Total	**201,258**	**122,527**
Grand Total (I and II)	**662,456,067**	**608,595,267**
Gross Investments		
In India	663,011,069	613,613,718
Outside India	201,258	122,527
Total	**663,212,327**	**613,736,245**
Provision for Investments		
In India	756,260	5,140,978
Outside India	-	-
Total	**756,260**	**5,140,978**
Net Investments		
In India	662,254,809	608,472,740
Outside India	201,258	122,527
Total	**662,456,067**	**608,595,267**

Securities costing ₹ 97,780,879 Thousands (Previous Year ₹ 110,164,457 Thousands) pledged for availment of fund transfer facility, clearing facility and margin requirements.

@ Comprises of:

(₹ in Thousands)

	As on March 31, 2025	As on March 31, 2024
Pass Through Certificates (PTCs)	39,950,669	36,231,924
Certificate of Deposits	4,539,782	3,946,751
Commercial Paper	2,755,731	3,128,680
Venture Capital Funds (VCFs)	1,990,783	1,351,010
Security Receipts	49,542	-
Exchange Traded Funds (ETFs)	44,798	-
Total	**49,331,305**	**44,658,365**

SCHEDULE 9 - ADVANCES

(₹ in Thousands)

	As on March 31, 2025	As on March 31, 2024
A. i. Bills purchased and discounted	48,412,071	47,518,540
ii. Cash credits, overdrafts and loans repayable on demand	989,560,083	878,825,323
iii. Term loans	1,310,391,793	1,167,689,486
Total	**2,348,363,947**	**2,094,033,349**
B. i. Secured by tangible assets*	2,035,866,977	1,794,407,743
ii. Covered by Bank/Government guarantees #	30,171,601	15,894,240
iii. Unsecured	282,325,369	283,731,366
Total	**2,348,363,947**	**2,094,033,349**

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd..)

(₹ in Thousands)

	As on March 31, 2025	As on March 31, 2024
C. I. Advances in India		
i. Priority sector	724,330,110	681,141,619
ii. Public sector	517,010	-
iii. Banks	26,431,879	25,564,911
iv. Others	1,562,702,196	1,356,613,988
Total	**2,313,981,195**	**2,063,320,518**
C. II. Advances outside India (Refer Note 1.4.3 of Schedule 18)		
i. Due from banks	5,477,842	1,256,913
ii. Due from others		
a) Bills purchased and discounted	781,962	-
b) Syndicated Loans	7,736,991	13,319,911
c) Others	20,385,957	16,136,007
Total	**34,382,752**	**30,712,831**
Grand Total (C I and C II)	**2,348,363,947**	**2,094,033,349**

* Includes Advances against book debts

Includes Advances against Letter of Credit issued by banks

(Advances are net of provisions)

SCHEDULE 10 - FIXED ASSETS

(₹ in Thousands)

	As on March 31, 2025	As on March 31, 2024
A. Premises #		
Gross Block		
At cost as on 31st March of the preceding year	4,211,444	3,742,876
Additions during the year	3,727,293	477,506
Deductions during the year	2,315	8,938
At the end of the year	**7,936,422**	**4,211,444**
Depreciation		
As at the beginning of the year	1,216,304	1,126,704
Charge for the year	186,804	95,113
Deductions during the year	1,107	5,513
Depreciation to date	**1,402,001**	**1,216,304**
Net Block	**6,534,421**	**2,995,140**
B. Other fixed assets		
(including furniture and fixtures)		
Gross Block		
At cost as on 31st March of the preceding year	19,653,043	17,356,552
Additions during the year	3,487,240	2,708,953
Deductions during the year	276,893	412,462
At the end of the year	**22,863,390**	**19,653,043**
Depreciation		
As at the beginning of the year	13,106,515	11,441,639
Charge for the year	2,485,746	2,056,371
Deductions during the year	265,816	391,495
Depreciation to date	**15,326,445**	**13,106,515**
Net Block	**7,536,945**	**6,546,528**
C. Capital Work in progress (Including Capital Advances)	**711,337**	**658,915**
Grand Total (A+B+C)	**14,782,703**	**10,200,583**

- Includes buildings constructed on leasehold land at different places having original cost of ₹ 5,126,666 Thousands (Previous year ₹ 1,610,074 Thousands) and Written down value of ₹ 4,727,104 Thousands (Previous year ₹ 1,337,753 Thousands) with remaining lease period varying from 50 - 61 years.

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd..)

SCHEDULE 11 - OTHER ASSETS

(₹ in Thousands)

		As on March 31, 2025	As on March 31, 2024
I.	Inter - office adjustments (net)	-	-
II.	Interest accrued	21,321,441	19,064,977
III.	Tax paid in advance/ tax deducted at source (Net of provision)	14,005,057	14,307,767
IV.	Stationery and Stamps	18,943	18,754
V.	Non-banking assets acquired in satisfaction of claims	2,926	2,926
VI.	Others #	120,504,487	147,265,227
Total		**155,852,854**	**180,659,651**
#Includes			
	(a) Priority sector shortfall deposits	84,574,562	112,344,840
	(b) Security deposits	3,006,568	2,737,641

SCHEDULE 12 - CONTINGENT LIABILITIES (Refer Note 3.6 of Schedule 18)

(₹ in Thousands)

		As on March 31, 2025	As on March 31, 2024
I.	Claims against the Bank not acknowledged as debts	19,957,639	25,069,076
II.	Liability for partly paid investments	-	-
III.	Liability on account of outstanding forward exchange contracts**	1,863,348,529	824,272,509
IV.	Guarantees given on behalf of constituents		
	a) In India	155,842,831	135,182,233
	b) Outside India	-	-
V.	Acceptances, endorsements and other obligations	38,349,118	31,506,803
VI.	Other items for which the Bank is contingently liable @	5,122,285	4,694,849
Total		**2,082,620,402**	**1,020,725,470**
** - Includes			
	(a) Contingent liability on Forward Exchange Contracts	1,020,021,851	457,788,582
	(b) Contingent liability for Derivatives	843,326,678	366,483,928

@ - includes ₹ 3,391,759 Thousands (Previous Year : ₹ 3,098,654 Thousands) being amount transferred to DEA Fund Cell, RBI and outstanding, as per RBI Circular DBOD. No.DEAF Cell.BC.114/30.01.002/2013-14 (Refer Note 1.8 of Schedule 18).

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE 13 - INTEREST EARNED

(₹ in Thousands)

		Year ended March 31, 2025	Year ended March 31, 2024
I.	Interest/discount on advances/bills	210,166,214	177,345,214
II.	Income on investments	45,418,178	36,916,182
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	4,430,042	3,388,721
IV.	Others*	3,638,089	4,232,456
Total		**263,652,523**	**221,882,573**

* - Includes interest on Income tax refunds amounting to ₹ 122,195 Thousands (Previous year ₹ 195,809 Thousands) accounted based on Assessment Orders received.

SCHEDULE 14 - OTHER INCOME

(₹ in Thousands)

		Year ended March 31, 2025	Year ended March 31, 2024
I.	Commission, exchange and brokerage	27,977,850	22,404,829
II.	Profit on sale of investments (Net)	2,657,712	2,465,551
III.	Profit / (Loss) on revaluation of investments (Net)	1,379,880	289,792
IV.	Profit / (Loss) on sale of land, buildings and other assets (Net)	25,226	84,332
V.	Profit on foreign exchange/derivative transactions (Net)	2,303,062	2,106,429
VI.	Income earned by way of dividends etc. from subsidiaries / associates and / or joint ventures abroad / in India.	226,810	165,846
VII.	Miscellaneous income**	3,441,953	3,275,938
	Total	**38,012,493**	**30,792,717**

** - Includes Recoveries in assets written off ₹ 1,639,002 Thousands (Previous year ₹ 1,475,138 Thousands)

SCHEDULE 15 - INTEREST EXPENDED

(₹ in Thousands)

		Year ended March 31, 2025	Year ended March 31, 2024
I.	Interest on deposits	154,112,013	126,994,227
II.	Interest on Reserve Bank of India/Inter bank borrowings	2,134,912	1,839,455
III.	Others	12,725,640	10,114,072
Total		**168,972,565**	**138,947,754**

SCHEDULE 16 - OPERATING EXPENSES

(₹ in Thousands)

		Year ended March 31, 2025	Year ended March 31, 2024
I.	Payments to and provisions for employees	30,882,785	28,290,598
II.	Rent, taxes and lighting	3,344,717	2,901,293
III.	Printing and stationery	518,586	598,774
IV.	Advertisement and publicity	505,030	405,029
V.	Depreciation on Bank`s property	2,672,550	2,151,484
VI.	Directors' fees, allowances and expenses	78,549	49,372
VII.	Auditors' fees and expenses (including branch auditors)	53,521	51,861
VIII.	Law charges	313,885	260,602
IX.	Postage, Telegrams, Telephones, etc	1,868,900	1,440,405
X.	Repairs and maintenance	1,289,552	947,453
XI.	Insurance	3,502,723	3,087,258
XII.	Other expenditure#	26,650,312	21,798,565
Total		**71,681,110**	**61,982,694**

- Includes Corporate Social Responsibility expenditure amounting to ₹ 754,853 Thousands (Previous year: ₹ 575,507 Thousands)

THE FEDERAL BANK LIMITED

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

1. Background

The Federal Bank Limited ('the Bank') was incorporated on April 23, 1931 as Travancore Federal Bank Limited to cater to the banking needs of Travancore Province. It embarked on a phase of sustained growth under the leadership of Late K.P. Hormis. The Bank is a publicly held banking company with a network of 1,589 banking outlets in India and provides banking and financial services including retail and corporate banking, para banking activities such as debit and credit card, third party product distribution etc., treasury and foreign exchange business. The Bank is governed by the Banking Regulation Act, 1949, the Companies Act, 2013 and other applicable Acts / Regulations. The Bank's shares are listed on BSE Limited and National Stock Exchange of India Limited. The Global Depositary Receipts issued by the Bank in 2006 have been listed on London Stock Exchange. The Bank also has its Digital Banking Unit at Kolkata, Representative Office at Abu Dhabi & Dubai and had set up an International Financial Service Centre (IFSC) Banking unit (IBU) in Gujarat International Finance Tec-City (GIFT City). IBU at Gift city is equivalent to an Offshore Banking unit, for all regulatory purposes.

2. Basis of preparation

The Standalone Financial Statements ('Financial Statements') have been prepared and presented in accordance with the statutory requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India ("Indian GAAP"), the circulars, notifications, guidelines and directives issued by the Reserve Bank of India ('RBI') from time to time, the Accounting Standards issued by Institute of Chartered Accountants of India (ICAI) as prescribed under Section 133 of the Companies Act, 2013 ("the Act") read together with the Companies (Accounting Standards) Rules, 2021 and other relevant provisions of the Act, and current practices prevailing within the banking industry in India. The Bank follows the historical cost convention and accrual method of accounting in the preparation of the financial statements, except as otherwise stated. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year except as otherwise stated.

3. Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles in India requires the Management to make estimates and necessary assumptions that affect the reported amounts of assets and liabilities including disclosure of contingent liabilities as at the date of the financial statements and the reported revenues and expenses during the reporting period. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revisions to the accounting estimates are recognized prospectively in the current and future periods.

4. Significant accounting policies

4.1 Investments

Classification

In accordance with the RBI guidelines, investments are categorized at the time of purchase as:

- Held to Maturity (HTM)
- Available for Sale (AFS)
- Fair Value Through Profit and Loss (FVTPL)
- Held for Trading (HFT)
- Investments in Subsidiaries, Associates and Joint Ventures

Under each of these categories, investments are further classified under six groups ('hereinafter called groups') - Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Investments in Subsidiaries/ Joint Ventures and Other Investments for the purposes of disclosure in the Balance Sheet.

Basis of Classification

(a) Securities that fulfil the following conditions are classified under Held to Maturity:

- The security is acquired with the intention and objective of holding it to maturity, i.e., the financial assets are held with an objective to collect the contractual cash flows; and
- The contractual terms of the security give rise to cash flows that are solely payments of principal and interest on principal outstanding (SPPI criterion') on specified dates

(b) Securities that meet the following conditions are classified under Available for Sale:

- The security is acquired with an objective that is achieved by both collecting contractual cash flows and selling securities; and
- the contractual terms of the security meet the 'SPPI criterion' as given above.

The bank, on initial recognition, may make an irrevocable election to classify an equity instrument that is not held with the objective of trading under AFS.

(c) Securities that do not qualify for inclusion in HTM or AFS are classified under Fair Value Through Profit and Loss.

(d) A separate category called Held for Trading has been created within FVTPL. Specific RBI guidelines for classifying investments under HFT category are followed.

(e) All investments in subsidiaries, associates and joint ventures are classified under a distinct category and kept separate from the other investment categories.

Transfer of securities between Categories

Transfer of securities between categories of investments is accounted as per RBI Guidelines.

Acquisition Cost

In determining the acquisition cost of the Investment:

- Transaction costs including brokerage and commission pertaining to acquisition of Investments are charged to the Profit and Loss Account.
- Broken period interest is charged to the Profit and Loss Account.
- Cost of investments is computed based on the weighted average cost method.

Subsequent Measurement

The investments are subsequently measured in accordance with the RBI Guidelines as follows:

Held to Maturity

- Securities held in HTM are carried at cost and not marked to market (MTM) after initial recognition. Any discount or premium on the securities under HTM is amortized over the remaining life of the instrument on a straight-line basis. The amortized amount is clubbed with interest income on investments in the Profit and Loss Statement.
- Gain / Loss on sale of investments is included in the Profit and Loss Account. The profit on sale of HTM investments is appropriated to Capital Reserve after adjustments for tax and transfer to Statutory Reserve in accordance with the RBI Guidelines.

Available for Sale

- The securities held in AFS are fair valued and valuation gains and losses across all performing investments, irrespective of classification held under AFS are aggregated. The net appreciation or depreciation is directly credited or debited to a reserve named AFS-Reserve without routing through the Profit & Loss Account.
- Any discount or premium on the acquisition of debt securities under AFS is amortized over the remaining life of the instrument on a straight-line basis. The amortized amount is included as part of interest income on investments in the Profit and Loss Statement.
- Upon sale or maturity of a debt instrument in AFS category, the accumulated gain/ loss for that security in the AFS-Reserve is transferred from the AFS-Reserve and recognized in the Profit and Loss Account.
- In the case of equity instruments designated under AFS at the time of initial recognition, any gain or loss on sale is transferred from AFS-Reserve to the Capital Reserve.

Fair Value Through Profit and Loss and Held for Trading

- The securities held in FVTPL and HFT are fair valued and the net gain or loss arising on such valuation is directly credited or debited to the Profit and Loss Account.
- Any discount or premium on the acquisition of debt securities that meet the SPPI criteria and are classified under FVTPL and HFT are amortised over the remaining life of the instrument on a straight-line basis. The amortized amount is included as part of interest income on investments in the Profit and Loss Statement.

Investments in Subsidiaries, Associates and Joint Ventures

- All investments (i.e., including debt and equity) in subsidiaries, associates and joint ventures are held at acquisition cost.
- Any discount or premium on the acquisition of debt securities of subsidiaries, associates and joint ventures are amortized over the remaining life of the instrument on a straight-line basis. The amortized amount is clubbed with interest income on investments in the Profit and Loss Statement.
- Any gain/ profit arising on the reclassification/ sale of an investment in a subsidiary, associate or joint venture is first recognized in the Profit and Loss Account and then transferred to the 'Capital Reserve Account'.

Fair Value of Investments

a. The 'market value' for quoted securities shall be the prices declared by the Financial Benchmark India Pvt. Ltd. (FBIL). For securities whose prices are not published by FBIL, market price of quoted security shall be as available from the trades/ quotes on the stock exchanges/ reporting platforms/trading platforms authorized by RBI/SEBI and prices declared by the Fixed Income Money Market and Derivatives Association of India (FIMMDA).

b. Treasury Bills, Commercial paper and Certificate of Deposits being discounted instruments, are valued at carrying cost.

c. Units of Mutual Funds are valued at the latest repurchase price/net asset value declared by Association of Mutual Funds in India (AMFI).

THE FEDERAL BANK LIMITED

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

d. Market value of investments where current quotations are not available, is determined as per the norms prescribed by the RBI as under:

- The market price is derived based on the Yield to Maturity (YTM) for Government Securities as published by FBIL and suitably marked up for credit risk published by FIMMDA applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each category and credit ratings along with residual maturity issued by FIMMDA are adopted for this purpose.
- Pass Through Certificates ('PTC') including Priority Sector PTCs are valued as per extant FIMMDA guidelines
- In case of bonds and debentures (including Pass Through Certificates or PTCs) where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI.
- Equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at ₹ 1/- per company based on the stipulated norms as per RBI circular.
- For unquoted preference shares, valuation shall be done on Yield to Maturity (YTM) basis with appropriate mark-up over the YTM rates for central government securities of equivalent maturity put out by FBIL subject to such preference share not being valued above its redemption value. Mark up shall be done as per the RBI guidelines.
- Units of Venture Capital Funds (VCF) where current quotations are not available are marked to market based on the Net Asset Value (NAV) as disclosed by the Alternative Investment Fund (AIF). . Where AIF fails to carry out and disclose the valuation of its investments by an independent valuer as per the frequency mandated by SEBI (Alternative Investment Fund) Regulations, 2012, the value of its units shall be treated as ₹ 1. In case AIF is not registered under SEBI (Alternative Investment Fund) Regulations, 2012 and the latest disclosed valuation of its investments by an independent valuer precedes the date of valuation by more than 18 months, the value of its units shall be treated as ₹ 1.
- Investments in Security Receipts are valued as per the latest NAV obtained from issuing Asset Reconstruction Companies, subject to floor provision requirements as per the extant asset classification and provisioning norms as applicable to the underlying loans as per RBI guidelines.

e. The Bank follows settlement date method of accounting for purchase and sale of investments.

f. Non-Performing Investments are identified and valued based on RBI Guidelines. Provision for depreciation on non-performing investments is not offset against the appreciation in respect of other performing securities. Interest on non-performing investments is not reckoned in Profit and Loss Account until it is received.

Conversion of principal and unpaid interest into debt, preference or equity shares

In cases of conversion of principal and unpaid interest into debt, preference or equity instruments, RBI guidelines are followed for accounting and valuation of such instruments.

Repurchase and Reverse Repurchase Transactions

In accordance with the RBI guidelines, repurchase (Repo) and reverse repurchase (Reverse Repo) transactions in government securities and corporate debt securities including those conducted under the Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI are accounted as collateralised borrowing and lending respectively. Balance in Repo Account is classified under Schedule 4 -Borrowings. Balance in Reverse Repo account with RBI is classified under Schedule 6 (II) (ii) - Balance with RBI in Other accounts. Other balances in Reverse Repo Accounts with original tenor of 14 days or less are classified under Schedule 7 -Balance with Banks and Money at call & short notice. While Reverse Repos with original maturity more than 14 days are classified under Schedule 9 -Advances. Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions is accounted as interest income.

Short Sales

In accordance with the RBI guidelines, the Bank undertakes short sale transactions in Central Government dated securities. The Short Sales positions are reflected in 'Securities Short Sold ('SSS') A/C, specifically created for this purpose. The short position is categorised under HFT category and netted off from investments in the Balance Sheet. These positions are marked –to-market and resultant gains/losses are accounted for as per the relevant RBI guidelines for valuation of Investments discussed earlier.

4.2 Advances

Classification

Advances are classified into Standard Assets and Non-Performing Assets ('NPAs') as per the RBI guidelines and are stated net of bills rediscounted, inter-bank participation certificates issued with risk sharing, specific provisions made towards NPAs, floating provisions and unrealized interest on NPAs. Further, NPAs are

classified into sub-standard, doubtful and loss assets based on the criteria as per Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances (IRAC) issued by RBI. Interest on Non-Performing advances is transferred to an unrealized interest account and not recognized in Profit and Loss Account until received.

Provisioning

The Bank has made provision for Non-Performing Assets as stipulated under Reserve Bank of India (RBI) norms. As per the Board approved policy, in addition to the minimum provisioning requirement as prescribed by RBI, for certain identified schematic advances, an accelerated provision for non-performing advances are made based on the day past due (DPD) of the loan. Additionally, the Bank creates account specific provision for certain corporate loans based on the management's assessment of the extent of impairment, over and above the minimum provisioning requirement prescribed by the RBI.

Non-performing advances are written-off in accordance with the Bank's policy. Amounts recovered against debts written off are recognised in the Profit and Loss Account and included under "Other Income". In compromise settlements where the bank incurs /sanctions a write off above the existing NPA provision, the bank shall create an additional provision equal to the write off amount (over and above the existing provision) subject to a maximum of 100% provisioning.

The Bank maintains general provision for standard assets including credit exposures computed as per the current marked to market values of interest rate and foreign exchange derivative contracts, in accordance with the guidelines and at levels stipulated by RBI from time to time. The Provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

In addition to the above, the Bank on a prudent basis makes provisions on advances or exposures which are not NPAs, but it has reasons to believe on the basis of the extant environment or specific information or basis regulatory guidance / instructions, of a possible slippage of a specific advance or a group of advances or exposures or potential exposures.

For restructured assets, provision is made in accordance with the guidelines issued by the RBI. In respect of loans and advances subjected to restructuring under the Prudential Framework, the account is upgraded to standard only after the specified period/ monitoring period, subject to satisfactory performance of the account during the period.

The Bank makes additional provisions as per RBI's guidelines on 'Prudential Framework on Resolution of Stressed Assets' dated June 7, 2019 on accounts in default and with aggregate exposure above the threshold limits as laid down in the said framework where the resolution plan is not implemented within the specified timeline.

Additional provision for restructured accounts as per the relevant restructuring scheme announced by RBI for Micro, Small and Medium (MSME) sector, accounts affected by natural calamities and as per COVID 19 resolution frameworks are made as per extant RBI guidelines.

Provision for Unhedged Foreign Currency Exposure (UFCE) of borrower entities is made in accordance with the guidelines issued by RBI, which requires the Bank to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskiness of unhedged position of those entities. The Provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

The Bank makes additional provisions on loans to specific borrowers in specific stressed sectors, provision on incremental exposure to borrowers identified as per RBI's large exposure framework and on projects where Date of Commencement of Commercial Operations is delayed, as per RBI guidelines.

In respect of borrowers classified as non-cooperative and wilful defaulters, the Bank makes accelerated provisions as per extant RBI guidelines.

Loans reported as fraud are classified as loss assets, and fully provided immediately without considering the value of security.

4.3 Securitisation and transfer of assets

The Bank enters into purchase of corporate and retail loans through direct assignments route and the same is accounted as per extant RBI guidelines.

The Bank transfers advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating; the aggregate amount of participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from Banks under advances.

In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e., book value less provisions held), the shortfall is charged to the Profit and Loss Account and if the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received. Further, such reversal shall be limited to the extent to which cash received exceeds the net book value of the loan at the time of transfer as per RBI guidelines.

THE FEDERAL BANK LIMITED

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

4.4 Country risk

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country). The countries are categorised into seven risk categories namely insignificant, low, moderately low, moderate, moderately high, high, very high as per Export Credit Guarantee Corporation of India Limited (ECGC) guidelines and provision is made in respect of the country where the net funded exposure is 1% or more of the Bank's total funded assets.

4.5 Priority Sector Lending Certificates (PSLC)

The Bank vide RBI circular FIDD.CO.Plan.BC.23/ 04.09.01/2015-16 dated April 07, 2016 trades in priority sector portfolio by selling or buying PSLC. In the case of a sale transaction, the Bank sells the fulfillment of priority sector obligation and in the case of a purchase transaction the Bank buys the fulfillment of priority sector obligation through RBI trading platform. There is no transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the fee received from the sale of PSLCs is treated as 'Other Income'.

4.6 Transactions involving foreign exchange

In respect of domestic operations:

- Foreign currency income and expenditure items are translated at the exchange rates prevailing on the date of the transaction.
- Foreign currency monetary items are translated at the closing exchange rates notified by Foreign Exchange Dealers Association of India (FEDAI) as at the Balance sheet date.
- The resulting net valuation profit or loss is recognized in the Profit and Loss Account.

In respect of Non-Integral Foreign Branches:

- Income and expenditure items are translated at quarterly average closing rates.
- Both Monetary and Non- Monetary foreign currency Assets and liabilities are translated at closing exchange rates notified by Foreign Exchange Dealers Association of India (FEDAI) at the Balance Sheet date.
- The resulting profit/loss arising from exchange differences are accumulated in Foreign Currency Translation Reserve until remittance or the disposal of the net investment in the non-integral foreign operations in accordance with AS-11. Any realised gains or losses on such disposal are recognised in the Profit and Loss Account.

Valuation of Foreign Exchange Spot and Forward Contracts:

- Foreign exchange spot and forward Contracts (Other than the forwards / swaps marked under Funding category) outstanding as at the Balance Sheet date are revalued at the closing Spot and Forward Rates respectively as notified by FEDAI and at interpolated / extrapolated rates for contracts of interim maturities.
- For valuation of contracts having longer maturities i.e. greater than one year, the forward points (for rates/ tenures not published by FEDAI) are obtained from Reuters for valuation of the FX Deals.
- As per directions of FEDAI, the profit or loss is considered on present value basis by discounting the forward profit or loss till the valuation date using discounting yields. The resulting profit or loss on valuation is recognized in the Profit and Loss Account.

Foreign exchange swaps taken for funding purposes is amortized and recognized as interest income / interest expense in the Profit and Loss Account.

Contingent liabilities on account of foreign exchange contracts, guarantees, letters of credit, acceptances and endorsements are reported at closing rates of exchange notified by FEDAI as at the Balance Sheet date.

4.7 Derivative transactions

The Bank recognizes all derivative contracts at fair value, on the date on which the derivative contracts are entered into and are re-measured at fair value as at the Balance sheet or reporting dates. Derivatives are classified as assets when the fair value is positive (Positive marked-to-market) or as liabilities when the fair value is negative (negative marked-to-market). Changes in the fair value of derivatives are recognized in the Profit and Loss Account. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of the transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge derivative transactions are accounted for in accordance with the hedge accounting principles. When applying fair value hedge accounting, the hedging instrument and hedged items are measured at fair value with changes in fair value recognised in the Profit and Loss Account.

In case of cash flow hedge, the hedging instrument is measured at fair value, but any gain or loss that is determined to be an effective hedge is recognised in Reserves and Surplus under cash flow hedge reserve and ineffective portion of an effective hedging relationship, if any, is recognised in the Profit and Loss Account. In order to match the gains and losses of the hedged item and the hedging instrument in Profit and Loss Account, the changes in fair value of the hedging instrument

recognised in cash flow hedge reserve is transferred from cash flow hedge reserve and recognised in Profit and Loss Account at the same time that the impact from the hedged item is recognised in the Profit and Loss Account.

4.8 Revenue Recognition

- Interest income is recognised in the Profit and Loss Account on an accrual basis in accordance with AS – 9, 'Revenue Recognition' as notified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounting Standards) Rules, 2021 and the RBI guidelines, except interest income on non-performing assets which is recognised upon receipt basis as specified in RBI guidelines.
- Interest on income tax refund is recognised in the year of receipt of Assessment Orders.
- The recoveries made from NPA accounts are appropriated based on "first in first out" policy; i.e. the earliest entry shall be realized first. If different entries are made in the account on the same day, the realization shall be in the order of charges, interest, and principal.
- Processing fees collected on loans disbursed, along with related loan acquisition costs are recognised at inception/ renewal of the loan.
- Income on discounted instruments is recognised over the tenure of the instrument on a straight-line basis.
- Guarantee commission, commission on letter of credit and annual locker rent fees, are recognised on a straight-line basis over the period of contract. Other fees and commission income are recognised when due, except in cases where the Bank is uncertain of ultimate collection.
- Dividend on Equity Shares and Preference Shares is recognised as income when the right to receive the dividend is established.
- Loan Syndication fee is accounted for on completion of the agreed service and when right to receive is established.
- In compromise settlement cases, sacrifice on settlement is accounted upfront.
- Unpaid funded interest on term loans are accounted on realisation as per the guidelines of RBI.
- The difference between the sale price and purchase cost of bullion received on consignment basis is included in other income. The Bank also deals in bullion on a borrowing and lending basis and the interest paid/ received is accounted on an accrual basis.
- Gain/loss on sell down of loans and advances through direct assignment is recognised at the time of sale.
- In respect of non-performing assets acquired from other Banks / FIs and NBFCs, collections in excess of the consideration paid at each asset level or portfolio level is treated as income in accordance with RBI guidelines and clarifications.

4.9 Fixed assets and depreciation / amortization

Fixed assets are carried at cost of acquisition less accumulated depreciation, amortization and impairment, if any. Cost includes cost of purchase and all expenditure like freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset before it is ready to use. Taxes like GST paid on Fixed assets wherever eligible are availed as ITC as per GST rules. Subsequent expenditure incurred on assets put to use is capitalized only when it increases the future economic benefit / functioning capability from / of such assets.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and includes advances paid to acquire fixed assets.

Depreciation on fixed assets, including amortisation of software, is charged over the estimated useful life of fixed assets on straight-line basis from the date of addition, except as mentioned below.

- Premises are depreciated under the written down value method, using the same useful life as in Schedule II of the Companies Act, 2013. Improvements to leased Premises are depreciated over lower of lease term or 5 years based on technical evaluation.
- Depreciation on premises revalued has been charged on their written-down value including the addition made on revaluation.
- Assets individually costing ₹ 2,000/- or less are fully depreciated in the year of purchase.

The management believes that the useful life of assets assessed by the Bank, pursuant to Part C of Schedule II to the Companies Act, 2013, taking into account changes in environment, changes in technology, the utility and efficacy of the asset in use, fairly reflects its estimate of useful lives of the fixed assets. The estimated useful lives of key fixed assets are given below:

Asset	Estimated useful life as assessed by the Bank	Estimated useful life specified under Schedule II of the Companies Act, 2013
Premises	60 Years	60 Years
Electric equipment and installations	10 Years	10 Years
Furniture and fixtures	10 Years	10 Years
Motor Cars	5 Years*	8 Years

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SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

Asset	Estimated useful life as assessed by the Bank	Estimated useful life specified under Schedule II of the Companies Act, 2013
Servers, Firewall & Network Equipment	6 Years	6 Years
ATM / CDM / Recyclers etc.	5 Years	15 Years
Currency Sorting Machines	5 Years	5 Years
Office equipments	5 Years	5 Years
Computer hardware	3 Years	3 Years
Modem, scanner, routers, etc.	3 Years	6 Years

* The useful life of motor cars has been revised from 8 years to 5 years, effective from April 01, 2024.

Software is depreciated over a period of 3 to 5 years and eligible Cost of license is capitalized and amortized over the license period.

Depreciation on assets sold during the year is recognized on a pro-rata basis till the date of sale. Gain or losses arising from the retirement or disposal of Fixed Assets are determined as the difference between the net disposal proceeds and the carrying amount of assets and recognized as income or expense in the Profit and Loss Account. Further, Profit on sale of premises is appropriated to Capital Reserve account (Net of applicable taxes and transfer to statutory reserves) in accordance with RBI guidelines.

Whenever there is a revision of the estimated useful life of an asset, the unamortized depreciable amount is charged over the revised remaining useful life of the said asset.

4.10 Impairment of Assets

The Bank assesses at each Balance Sheet date whether there is any indication based on internal / external factors that an asset is impaired. Impairment loss, if any, is provided in the Profit and Loss Account to the extent the carrying amount of assets exceeds their estimated recoverable amount.

4.11 Non-Banking Assets acquired in Satisfaction of Claims

Non-Banking assets acquired in settlement of debts / dues are accounted at the lower of their cost of acquisition or net realizable value.

4.12 Lease transactions

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognized as an expense in the Profit and Loss Account as per the lease terms in accordance with AS-19, Leases. Initial direct costs in respect of operating leases such as legal costs, brokerage costs, etc. are recognized as expense immediately in the Profit and Loss Account.

4.13 Employee benefits

Defined Contribution Plan

a) Provident Fund

Employees covered under contributory provident fund scheme are entitled for retirement benefit in the form of provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid on retirement, death, incapacitation, or termination of employment. Both the employee and the Bank contribute at specific rates of the salary to the provident fund account maintained with the Federal Bank (Employees') Provident Fund Trust. The contribution paid/ payable by the Bank to The Federal Bank (Employees') Provident Fund Trust, administered by the trustees, is charged to the Profit and Loss Account.

b) National Pension System ('NPS')

In respect of employees who are covered under NPS, the Bank contributes certain percentage of the sum of basic salary and dearness allowance of employees to the aforesaid scheme, a defined contribution plan, which is managed and administered by pension fund management companies and regulated by Pension Fund Regulatory and Development Authority (PFRDA). NPS contributions are recognised in the Profit and Loss Account in the period in which they accrue. The Bank has no liability other than its contribution and recognises such contributions as an expense in the year incurred.

Defined Benefit Plan

a) Pension Fund

Employees covered under the pension scheme are entitled to get pension benefits, which is a defined benefit plan. The Bank contributes at specific rates of the salary to the Federal Bank (Employees') Pension Fund Trust set up by the Bank and administered by the Trustees. Additional amount being the liability shortfall as ascertained by an independent actuary, contributed towards The Federal Bank Employees' Pension Fund, is determined on actuarial basis on projected unit credit method as on the Balance Sheet dates. The contribution paid/payable by the Bank to Federal Bank Employees' Pension Fund is charged to the Profit and Loss Account.

b) Gratuity

All employees of the Bank are entitled for gratuity benefits, which is a defined benefit plan. The Bank makes contributions to The Federal Bank Employees' Gratuity Trust Fund, which is administered and managed by the Trustees. Liabilities with regard to the gratuity plan are

determined by Actuarial valuation as on the Balance Sheet date, based upon which, the Bank contributes all the ascertained liabilities to the Federal Bank Employees' Gratuity Trust Fund. The contribution paid/payable by the Bank to the Federal Bank Employees' Gratuity Trust Fund is charged to the Profit and Loss Account.

Other Employee Benefits

Compensation for absence on Privilege / Sick / Casual Leave / Leave Travel Concession (LTC) & other Short-term employee benefits

The employees of the Bank are entitled to compensated absence on account of privilege / sick / casual leave as per the leave rules. The Bank measures the long term expected cost of compensated absence as a result of the unused entitlement that has accumulated at the balance sheet date based on actuarial valuation and such costs are recognized in the Profit and Loss Account.

The employees are also eligible for LTC as per the rules. The estimated cost of unused entitlement as on the Balance Sheet date based on actuarial valuation is provided for.

The undiscounted amount of Short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period when the employees render the service. These benefits include performance incentives.

4.14 Employee Stock Option Scheme

The Bank has formulated Employee Stock Option Scheme (ESOS 2010), Employee Stock Option Scheme (ESOS 2017) & Employee Stock Option Scheme 2023 (ESOS 2023) and the same is in consonance as per the provisions and requirements under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. The Schemes provided for grant of options to Employees and whole time Directors of the Bank to acquire Equity Shares of the Bank that vest in a graded manner and that are to be exercised within a specified period.

In accordance with the SEBI Guidelines and the Guidance Note on "Accounting for Share-based payments" issued by the ICAI, the Bank follows 'Intrinsic value method' for accounting of ESOS based on which, the excess, if any, of the closing market price of the share on the date preceding the date of grant of the option under ESOS over the exercise price of the option is amortized on a straight line basis over the vesting period.

The market price is the latest available closing price, prior to the date of grant, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

However, the stock options granted to Material risk takers, after March 31, 2021, are accounted as per 'Fair value method' using Black-Scholes model, which is recognized as compensation expense over the vesting period in line with extant RBI guidelines.

4.15 Employee Stock Incentive Scheme

The Bank has formulated the Federal Bank Limited Employee Stock Incentive Scheme 2023 (ESIS 2023) in accordance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI Regulations") and other applicable laws. The Scheme provided for grant of options to Employees and whole time Directors of the Bank to acquire Equity Shares of the Bank that vest in a graded manner and that are to be exercised within a specified period.

Stock options under this scheme are granted at face value of shares. Options granted under this scheme are accounted as per 'Fair value method' using Black-Scholes model in accordance with the SEBI Guidelines and the Guidance Note on "Accounting for Share-based payments" issued by the ICAI.

4.16 Debit and Credit card reward points

The Bank runs a loyalty program which seeks to recognize and reward customers based on their relationship with the Bank. Under the program, eligible customers are granted loyalty points redeemable in future, subject to certain conditions. The Bank estimates the probable redemption of such loyalty/ reward points using an actuarial method on a quarterly basis by employing independent actuary, which includes assumptions such as mortality, redemption, spends, discount rate, value of reward points etc. Provision for said reward points is then made based on the actuarial valuation report as furnished by the said independent Actuary and such costs are recognized in the Profit and Loss Account and liabilities on the outstanding reward points as at the Balance Sheet date is included in 'Others' under Schedule 5 - Other liabilities and provisions.

4.17 Taxation

Income tax expense is the aggregate amount of current tax expense and the net change in the deferred tax asset or liability during the year. The current tax expense and deferred tax expense is determined in accordance with the provisions of the Income Tax Act, 1961, the rules framed there under and considering the material principles set out in Income Computation and Disclosure Standards and as per Accounting Standard 22 – "Accounting for Taxes on Income" issued by the ICAI, as notified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounting Standards) Rules, 2021.

Deferred income taxes reflect the impact of current year timing differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets and liabilities are measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax assets are recognized for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that

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reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realize the assets.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Bank has a legally enforceable right for such set off and when the Bank intends to settle on a net basis. Deferred tax assets are recognized and reviewed at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably / virtually certain to be realized.

The Bank has exercised option referred u/s 115BAA with respect to tax rate, accordingly Minimum Alternative Tax ('MAT') provision u/s 115JB are not applicable on Bank.

4.18 Input Credit under GST

Goods & Service tax input credit is accounted for in the books within the time limit prescribed under CGST Rules, 2017, as amended.

4.19 Share issue expenses

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

4.20 Corporate Social Responsibility

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013 is recognized in the Profit and Loss Account.

4.21 Earnings per Share

The Bank reports basic and diluted earnings per share in accordance with Accounting Standard 20 - "Earnings per Share" issued by the ICAI, as notified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounting Standards) Rules, 2021. Basic earnings per share is computed by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year except where the results are anti-dilutive. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split and a reverse share split.

4.22 Provisions, contingent liabilities, and contingent assets

In accordance with Accounting Standard - 29 "Provisions, Contingent Liabilities and Contingent Assets" issued by ICAI, as notified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounting Standards) Rules, 2021, a provision is recognized when the Bank has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on management best estimate required to settle the obligation at the Balance Sheet date, supplemented by experience of similar transactions. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

No provision is recognized, and a disclosure of contingent liability is made when there is:

I. a possible obligation arising from a past event and the existence of which will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or

II. a present obligation arising from a past event which is not recognized because:

   a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   b) a reliable estimate of the amount of the obligation cannot be made.

The Bank does not expect the outcome of these contingencies to have a materially adverse effect on its financial results.

No provision or disclosure of contingent liability is made when there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote.

Contingent assets, if any, are not recognized nor disclosed in the financial statements since this may result in the recognition of income that may never be realized. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the financial statements of the period in which the change occurs.

4.23 Segment information

The disclosure relating to segment information is in accordance with Accounting Standard 17 - "Segment Reporting" issued by the ICAI, as notified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounting Standards) Rules, 2021 and as per as per RBI Master Direction on Financial Statements-Presentation and Disclosures, (as amended from time to time). As per the Master Direction, the reportable segments are identified as 'Treasury', 'Corporate / Wholesale Banking', 'Retail Banking' and 'Other banking operations.

- Treasury' includes the entire investment portfolio of the Bank.
- Retail Banking include exposures which fulfill the four criteria of orientation, product, granularity, and low value of individual exposures for retail exposures laid down in Master Directions on Basel III: Capital Regulations. Individual housing loans also form part of Retail Banking segment. Further, 'Digital Banking' has been identified as a sub-segment of the existing 'Retail Banking' segment as per Reserve Bank of India (RBI) guidelines.
- Corporate / Wholesale Banking include all advances to trusts, partnership firms, companies, and statutory bodies, which are not included under 'Retail Banking'.
- Other Banking Business includes all other banking operations not covered under 'Treasury, 'Wholesale Banking' and 'Retail Banking' segments. It also includes all other residual operations such as para banking transactions / activities.

4.24 Accounting for Dividend

In terms of Accounting Standard 4 - "Contingencies and Events occurring after the Balance sheet date" issued by the ICAI, as prescribed under Section 133 of the Companies Act, 2013 read together with the Companies (Accounting Standards) Rules, 2021, the Bank does not account for proposed dividend or Dividend declared after balance sheet date as a liability through appropriation from Profit and Loss Account in current year balance sheet. This is disclosed in the notes to accounts. The same is recognized in the year of actual payout post approval of shareholders. However, the Bank reckons proposed dividend in determining capital funds in computing the capital adequacy ratio.

4.25 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, balances with Reserve Bank of India and Balances with Other Banks / institutions and money at call and short notice (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency).

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SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

1. Disclosure Requirement as per RBI's Master Direction on Financial Statements – Presentation and Disclosures

Amounts in notes forming part of the financial statements for the year ended March 31, 2025 are denominated in Rupees Crore to conform to extant RBI guidelines except where stated otherwise.

1.1 Regulatory Capital

1.1. A. Capital To Risk-Weighted Assets Ratio (Capital Adequacy Ratio)

The Bank computes Capital Adequacy Ratio as per Basel III Capital Regulations issued by RBI. Under Basel III Capital Regulations, on an on-going basis, the Bank has to maintain a Minimum Total Capital (MTC) of 11.50% (previous year 11.50%) including Capital Conservation Buffer (CCB) at 2.50% (previous year 2.50%) of the total risk weighted assets (RWA). Out of the MTC, at least 8.00% (previous year 8.00%), shall be from Common Equity Tier 1 (CET1) capital and at least 9.50% (previous year 9.50%) from Tier 1 capital, including 2.50% (previous year 2.50%) towards CCB.

The Composition of Regulatory Capital of the Bank is set out below:

(Amount in ₹ Crore)

Sr. No.	Particulars	As at March 31, 2025	As at March 31, 2024
i)	Common Equity Tier 1 Capital (CET 1) *	31,593.12	27,707.50
ii)	Additional Tier 1 capital	-	-
iii)	Tier 1 Capital (i + ii)	31,593.12	27,707.50
iv)	Tier 2 Capital	2,866.73	2,888.59
v)	Total Capital (Tier 1+Tier 2)	34,459.85	30,596.09
vi)	Total Risk Weighted Assets (RWAs)	210,102.47	189,689.76
	Capital Ratios		
vii)	CET 1 Ratio (CET 1 as a percentage of RWAs)	15.04%	14.61%
viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	15.04%	14.61%
ix)	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	1.36%	1.52%
x)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	16.40%	16.13%
xi)	Leverage Ratio	8.07%	8.15%
xii)	Percentage of the shareholding of the Government of India	-	-
xiii)	Amount of Paid Up Equity Capital raised during the year[#]	-	60.63
xiv)	Amount of Non - Equity Tier 1 Capital raised during the year	-	-
xv)	Amount of Tier 2 Capital raised during the year, of which:	-	-
	a) Basel III compliant Debt Capital instruments**	-	-
	b) Basel III compliant Preference Share Capital Instruments: [Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]	-	-

*Adjusted for proposed dividend of ₹ 1.20 per share (previous year: ₹ 1.20 per share). (Refer Note 3.2.E)

[#]**Capital Infusion:** During the previous year, the Bank had issued 230,477,634 equity shares of ₹ 2 each for cash pursuant to a Qualified Institution Placement (QIP) as per the relevant provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 at ₹ 131.90 per share aggregating to ₹ 3,040.00 Crores (including share premium). This resulted in an increase of ₹ 46.10 Crores in share capital and ₹ 2,954.17 Crores (net of issue expenses) in share premium account.

During the previous year, Bank had issued 72,682,048 equity shares of ₹ 2 each for cash pursuant to a preferential allotment as per the relevant provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 at ₹ 131.91 per share aggregating to ₹ 958.75 Crore (including share premium). This resulted in an increase of ₹ 14.53 Crore in share capital and ₹ 943.62 Crore (net of share issue expenses) in share premium account.

Note:

1. During the year, the Bank has allotted 20,477,127 (previous year 15,991,113) equity shares consequent to exercise of ESOS vested. Accordingly, the share capital increased by ₹ 4.10 Crore (previous year ₹ 3.20 Crore) and share premium account increased by ₹ 161.23 Crore (previous year ₹ 143.73 Crore).

   The details of the movement in the paid-up equity share capital of the Bank are given below:

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024
Opening Balance	487.07	423.24
Addition pursuant to employee stock options	4.10	3.20
Addition pursuant to Qualified Institutional Placement	-	46.10
Addition pursuant to preferential allotment	-	14.53
Closing Balance	**491.17**	**487.07**

**During the year ended March 31, 2025 and March 31,2024, the Bank had not raised Tier 2 capital by way of issuance of Tier 2 Bonds.

During the year ended March 31, 2025 the Bank has redeemed Unsecured Basel III compliant Tier 2 Bonds amounting to ₹ 300 Crore. (Previous Year : Nil)

In accordance with RBI Guidelines banks are required to make Consolidated Pillar 3 and Net Stable Funding Ratio (NSFR) disclosures under Basel III capital regulations. The Bank has made these disclosures and the same is available in Bank's website at the following link: https://www.federalbank.co.in/regulatory-disclosures. The disclosures have not been subjected to audit.

1.1. B. Reserves and Surplus

a) Statutory Reserve

During the year ended March 31, 2025, the Bank had appropriated ₹ 1,012.97 Crore (previous year: ₹ 930.15 Crore) out of profits for the year ended March 31, 2025 to the Statutory Reserve in terms of sections 17 of the Banking Regulation Act, 1949 and RBI guidelines.

b) Capital Reserve

During the year ended March 31, 2025, the Bank had appropriated ₹ 83.55 Crore (previous year: ₹ 81.76 Crore), being the profit from sale or redemption of investments under HTM category, gain / profit arising on the reclassification/ sale of an investment in associate and profit on sale of immovable properties, net of taxes and transfer to statutory reserve, from the Profit and Loss Account to the Capital Reserve.

c) Revenue Reserve

During the year ended March 31, 2025, the Bank implemented the RBI Master Direction - Classification, Valuation, and Operation of Investment Portfolio of Commercial Banks (Directions), 2023, dated September 12, 2023. This directive is applicable to banks from April 01, 2024. Consequent to the transition provisions, the Bank's revenue reserve increased by ₹ 105.02 crore, on account of revision in the carrying value of investments to the fair value as on such date. Inaddition, during the year ended March 31, 2025, the Bank had appropriated ₹ 606.72 Crore (previous year: ₹554.25 Crore) out of profits for the year ended March 31, 2025 to the Revenue Reserve.

d) Investment Fluctuation Reserve

During the year ended March 31, 2025, the Bank had appropriated ₹ 151.93 Crore (previous year: ₹ 66.84 Crore) to Investment Fluctuation Reserve in compliance with RBI Master Direction - Classification, Valuation, and Operation of Investment Portfolio of Commercial Banks (Directions), 2023, dated September 12, 2023.

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SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

In addition, pursuant to implementation of the RBI Master Direction - Classification, Valuation, and Operation of Investment Portfolio of Commercial Banks (Directions), 2023, dated September 12, 2023, the Bank had transferred ₹ 16.24 Crore from Investment Reserve to Investment Fluctuation Reserve.

e) Special Reserve

During the year ended March 31, 2025, the Bank had appropriated ₹ 195.65 Crore (previous year: ₹ 173.68 Crore) out of profits for the year ended March 31, 2025, to the Special Reserve as required under Income Tax Act, 1961.

f) Investment Reserve

As per RBI Master Direction - Classification, Valuation, and Operation of Investment Portfolio of Commercial Banks (Directions), 2023, dated September 12, 2023 which is effective from April 01, 2024, the balance in Investment Reserve Account , if any, as of March 31, 2024, shall be transferred to the Revenue/ General Reserve if the bank meets the minimum regulatory requirements of Investment Fluctuation Reserve (IFR). If the bank does not meet the minimum IFR requirements, the balances in IRA shall be transferred to IFR. Accordingly, during the year ended March 31, 2025, the Bank has transferred the balance of ₹ 16.24 Crore from Investment Reserve to Investment Fluctuation Reserve. During the previous year, the Bank had appropriated ₹ 16.24 Crore from the Profit and Loss Account to Investment Reserve.

g) Foreign Currency Translation Reserve

As at March 31, 2025, the Bank has recognised ₹ (22.02) Crore (previous year: ₹ (17.74) Crore) as Foreign Currency Translation Reserve on account of translation of foreign currency assets and liabilities of non-integral foreign operations.

h) Employees Stock Options Reserve

During the year ended March 31, 2025, the Bank has recognised ₹ 8.49 Crore (previous year: ₹ 1.58 Crore) as Employees Stock Options Reserve on account of fair valuation of share-linked instruments and an amount of ₹ 0.21 Crore (previous year:₹ 0.65 Crore) is transferred from Employees Stock Options Reserve on exercise of share-linked instruments, to share premium.

i) AFS Reserve

During the year ended March 31, 2025, pursuant to implementation of the RBI Master Direction - Classification, Valuation, and Operation of Investment Portfolio of Commercial Banks (Directions), 2023, dated September 12, 2023, the Bank has recognised ₹ 226.05 Crore (previous year: nil) as AFS Reserve.

j) Cash Flow Hedge Reserve

As at March 31, 2025, the Bank has recognised ₹ 67.91 Crore (previous year: nil) as Cash Flow Hedge Reserve on derivative contracts designated as cash flow hedge.

Draw down from Reserves

The Bank has not drawn down any amount from any reserves during the years ended March 31, 2025 and March 31, 2024.

1.2 Investments

1.2.1. A. Composition of Investment Portfolio

The details of Investments as at March 31, 2025 are as under:

(Amount in ₹ Crore)

	Investments in India							Investments outside India				Total Investments
	Government Securities	Other Approved Securities	Shares	Debentures & Bonds	Subsidiaries and/or Joint Venture	Others	Total Investments In India	Government Securities (Including Local Authorities)	Subsidiaries and/or Joint Venture	Others	Total Investments Outside India	
Held to Maturity												
Gross Value	44,143.44	-	-	-	-	-	44,143.44	-	-	-	-	44,143.44
Less: Provision for Non- Performing Investments	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Net Value	44,143.44	-	-	-	-	-	44,143.44	-	-	-	-	44,143.44
Available for Sale												
Gross Value	7,826.94	-	401.13	2,412.80	-	4,270.64	14,911.51	4.20	-	-	4.20	14,915.71
Less: Provision for Non-Performing Investments	-	-	-	30.38	-	-	30.38	-	-	-	-	30.38
Less: Provision for Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Net Value	7,826.94	-	401.13	2,382.42	-	4,270.64	14,881.13	4.20	-	-	4.20	14,885.33
Fair Value through profit and loss account-HFT												
Gross Value	4,100.86	-	20.44	818.30	-	458.46	5,398.06	-	-	-	-	5,398.06
Less: Provision for Non- Performing Investments	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Net Value	4,100.86	-	20.44	818.30	-	458.46	5,398.06	-	-	-	-	5,398.06
Fair Value through profit and loss account-Non HFT												
Gross Value	-	-	481.72	265.95	-	207.81	955.48	-	-	15.93	15.93	971.41
Less: Provision for Non- Performing Investments	-	-	14.63	26.84	-	-	41.47	-	-	-	-	41.47
Less: Provision for Depreciation	-	-	-	-	-	3.78	3.78	-	-	-	-	3.78
Net Value	-	-	467.09	239.11	-	204.03	910.23	-	-	15.93	15.93	926.16
Subsidiaries and/or Joint Venture												
Gross Value	-	-	-	-	892.62	-	892.62	-	-	-	-	892.62
Less: Provision for Non-Performing Investments	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Net Value	-	-	-	-	892.62	-	892.62	-	-	-	-	892.62
Total Investments												
Gross Value	56,071.24	-	903.29	3,497.05	892.62	4,936.91	66,301.11	4.20	-	15.93	20.13	66,321.24
Less: Provision for Non- Performing Investments	-	-	14.63	57.22	-	-	71.85	-	-	-	-	71.85
Less: Provision for Depreciation	-	-	-	-	-	3.78	3.78	-	-	-	-	3.78
Net Value	56,071.24	-	888.66	3,439.83	892.62	4,933.13	66,225.48	4.20	-	15.93	20.13	66,245.61

The details of Investments as at March 31, 2024 are as under:

(Amount in ₹ Crore)

	Investments in India							Investments outside India				Total Investments
	Government Securities	Other Approved Securities	Shares	Debentures & Bonds	Subsidiaries and/or Joint Venture	Others	Total Investments In India	Government Securities (Including Local Authorities)	Subsidiaries and/or Joint Venture	Others	Total Investments Outside India	
Held to Maturity												
Gross Value	47,742.67	-	-	-	652.92	101.38	48,496.97	-	-	-	-	48,496.97
Less: Provision for Non- Performing Investments	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for Depreciation	-	-	-	-	-	9.78	9.78	-	-	-	-	9.78
Net Value	47,742.67	-	-	-	652.92	91.60	48,487.19	-	-	-	-	48,487.19
Available for Sale												
Gross Value	4,097.69	-	621.75	3,365.69	-	4,779.27	12,864.40	3.20	-	9.05	12.25	12,876.65
Less: Provision for Non-Performing Investments	-	-	14.63	60.87	-	-	75.50	-	-	-	-	75.50
Less: Provision for Depreciation	-	-	11.63	12.14	-	405.04	428.81	-	-	-	-	428.81
Net Value	4,097.69	-	595.49	3,292.68	-	4,374.23	12,360.09	3.20	-	9.05	12.25	12,372.34
Held for Trading												
Gross Value	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for Non- Performing Investments	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Net Value	-	-	-	-	-	-	-	-	-	-	-	-
Total Investments												
Gross Value	51,840.36	-	621.75	3,365.69	652.92	4,880.65	61,361.37	3.20	-	9.05	12.25	61,373.62
Less: Provision for Non- Performing Investments	-	-	14.63	60.87	-	-	75.50	-	-	-	-	75.50
Less: Provision for Depreciation	-	-	11.63	12.14	-	414.82	438.59	-	-	-	-	438.59
Net Value	51,840.36	-	595.49	3,292.68	652.92	4,465.83	60,847.28	3.20	-	9.05	12.25	60,859.53

Change in Accounting Policy

During the year ended March 31, 2025 the Bank implemented the RBI Master Direction - Classification, Valuation, and Operation of Investment Portfolio of Commercial Banks (Directions), 2023, dated September 12, 2023. This directive is applicable to banks from April 01, 2024. Consequent to the transition provisions, the Bank's reserves increased by ₹ 339.75 Crore (net of taxes) as on April 01, 2024, on account of revision in the carrying value of investments to the fair value as on such date. The impact of the revised framework for the period subsequent to transition is not ascertainable, making the income and / profit or loss from investments for the year ended March 31, 2025, incomparable with the previous year.

1.2.1. B. Movement of Provisions for Investment and Investment Fluctuation Reserve

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024
(1) Movement of provisions held towards provision on standard investments*		
a) Opening Balance	438.60	458.85
b) Add: Provisions made during the year	-	21.58
c) Add: Transfer (to) / from loan loss provision	-	5.10
d) Less: Write off / (Write back) of excess provisions during the year	11.29	46.93
e) Less: Impact of Transition adjustment – Transfer to General Reserve as per latest RBI guidelines	423.53	-
f) Closing Balance	3.78	438.60
(2) Movement of provisions for non-performing investments (NPIs)		
a) Opening Balance	75.50	77.86
b) Add: Provisions made during the year	-	-
c) Less: Write off / (Write back) of excess provision during the year	3.65	2.36
d) Closing Balance	71.85	75.50
(3) Movement of Investment Fluctuation Reserve		
a) Opening balance	257.53	190.69
b) Add: Amount Transferred during the year	168.17	66.84
c) Less: Drawdown	-	-
d) Closing Balance	425.70	257.53
(4) Closing balance in IFR as a percentage of closing balance of Investments# in AFS and FVTPL (including HFT) category	2.00%	2.08%

* Movement have been reckoned on a yearly basis.

The carrying value less provision held ie, the net amount reflected in Balance Sheet.

1.2.1. C. Additional Details on Investments:

As per Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2023, Investment fluctuation reserve (IFR) is to be created with an amount not less than lower of net profit on sale of investments during the year or net profit for the year less mandatory appropriations until the amount of IFR is at least 2 percent of the AFS and FVTPL (including HFT) portfolio on a continuing basis.

As on March 31, 2025 the Bank is maintaining an IFR of ₹ 425.70 Crore (previous year: ₹ 257.53 Crore) and considered it as part of Tier II capital for capital adequacy purposes.

1.2.2. Repo Transactions

Details of securities sold/purchased during the year ended March 31, 2025 under repos/reverse repos:

(Amount in ₹ Crore)

Particulars	Outstanding during the year						Outstanding as on March 31, 2025	
	Minimum		Maximum		Daily Average			
	FV	MV	FV	MV	FV	MV	FV	MV
A.1 Securities sold under RBI Repo								
a) Government Securities	-	-	2,809.80	2,824.98	514.31	521.38	2,236.82	2,264.52
b) Corporate Debt Securities	-	-	-	-	-	-	-	-
c) Any other securities	-	-	-	-	-	-	-	-
A.2 Securities purchased under RBI Reverse Repo								
a) Government Securities	-	-	3,218.07	3,141.06	136.34	133.50	-	-
b) Corporate Debt Securities	-	-	-	-	-	-	-	-
c) Any other securities	-	-	-	-	-	-	-	-
B.1 Securities sold under Market Repo								
a) Government Securities	-	-	2,608.29	2,712.07	925.53	958.33	21.61	24.43
b) Corporate Debt Securities	-	-	-	-	-	-	-	-
c) Any other securities	-	-	-	-	-	-	-	-

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SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

(Amount in ₹ Crore)

Particulars	Outstanding during the year						Outstanding as on March 31, 2025	
	Minimum		Maximum		Daily Average			
	FV	MV	FV	MV	FV	MV	FV	MV
B.2 Securities purchased under Reverse Market Repo								
a) Government Securities	-	-	3,367.83	3,421.17	260.15	263.51	537.88	549.93
b) Corporate Debt Securities	-	-	-	-	-	-	-	-
c) Any other securities	-	-	142.00	143.91	0.78	0.79	-	-
C.1 Securities sold under TREPS								
a) Government Securities	-	-	5,398.26	5,453.87	3,491.92	3,516.75	2,796.44	2,776.57
b) Corporate Debt Securities	-	-	-	-	-	-	-	-
c) Any other securities	-	-	-	-	-	-	-	-
C.2 Securities purchased under TREPS								
a) Government Securities	-	-	1,125.66	1,111.11	21.64	21.41	-	-
b) Corporate Debt Securities	-	-	-	-	-	-	-	-
c) Any other securities	-	-	-	-	-	-	-	-

Note : FV = Face Value, MV = Market value

Details of securities sold/purchased during the year ended March 31, 2024 under repos/reverse repos:

(Amount in ₹ Crore)

Particulars	Outstanding during the year						Outstanding as on March 31, 2024	
	Minimum		Maximum		Daily Average			
	FV	MV	FV	MV	FV	MV	FV	MV
A.1 Securities sold under RBI Repo								
a) Government Securities	-	-	2,860.94	2,887.60	199.16	198.49	2,860.94	2,887.60
b) Corporate Debt Securities	-	-	-	-	-	-	-	-
c) Any other securities	-	-	-	-	-	-	-	-
A.2 Securities purchased under RBI Reverse Repo								
a) Government Securities	-	-	1,945.40	1,905.04	80.23	75.20	-	-
b) Corporate Debt Securities	-	-	-	-	-	-	-	-
c) Any other securities	-	-	-	-	-	-	-	-
B.1 Securities sold under Market Repo								
a) Government Securities	-	-	2,228.06	2,316.05	390.69	404.21	190.00	191.40
b) Corporate Debt Securities	-	-	-	-	-	-	-	-
c) Any other securities	-	-	-	-	-	-	-	-
B.2 Securities purchased under Reverse Market Repo								
a) Government Securities	-	-	1,815.03	1,857.23	115.77	116.24	-	-
b) Corporate Debt Securities	-	-	-	-	-	-	-	-
c) Any other securities	-	-	-	-	-	-	-	-
C.1 Securities sold under TREPS								
a) Government Securities	-	-	3,681.58	3,555.28	1,388.03	1,353.64	95.16	94.04
b) Corporate Debt Securities	-	-	-	-	-	-	-	-
c) Any other securities	-	-	-	-	-	-	-	-
C.2 Securities purchased under TREPS								
a) Government Securities	-	-	1,028.07	1,010.10	50.60	50.18	457.50	456.80
b) Corporate Debt Securities	-	-	-	-	-	-	-	-
c) Any other securities	-	-	-	-	-	-	-	-

Note : FV = Face Value, MV = Market value

1.2.3. Details of Non-SLR investment portfolio –

a) Issuer composition as at March 31, 2025 of Non-SLR investments

(Amount in ₹ Crore)

Sl. No	Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities**	Extent of 'unrated' securities **	Extent of 'unlisted' Securities **
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Public Sector Undertakings	73.48	73.48	-	-	-
2	Financial Institutions	2,005.86	1,689.13	-	-	-
3	Banks	1,193.65	988.55	-	-	-
4	Private Corporates	1,875.82	1,039.77	-	-	5.00
5	Subsidiaries / Joint ventures	892.62	892.62	-	-	5.00
6	Others*	4,208.57	2,176.16	-	-	-
7	Less: Provision held towards standard investments	3.78				
8	Less: Provision held towards non-performing investments	71.85				
	Total	**10,174.37**	**6,859.71**	**-**	**-**	**10.00**

Amounts reported under column (4), (5), (6) and (7) above are not mutually exclusive.

* Includes Investments in Non-SLR government securities amounting to ₹4.20 Crore

** Excludes investments in Equity Shares, Commercial Papers, Certificates of Deposit, Pass through certificates, Security Receipts, Securities acquired by way of conversion of debt and Units issued by Venture Capital in line with extant RBI guidelines.

Issuer composition as at March 31, 2024 of Non-SLR investments

(Amount in ₹ Crore)

Sl. No	Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities**	Extent of 'unrated' securities **	Extent of 'unlisted' Securities **
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Public Sector Undertakings	81.50	81.50	-	-	-
2	Financial Institutions	1,298.47	908.56	-	-	-
3	Banks	952.87	844.87	-	-	-
4	Private Corporates	1,366.06	633.65	-	-	100.00
5	Subsidiaries / Joint ventures	892.62	892.62	-	-	5.00
6	Others*	4,941.74	2,372.50	-	-	5.00
7	Less: Provision held towards standard investments	438.60				
8	Less: Provision held towards non-performing investments	75.50				
	Total	**9,019.16**	**5,733.70**	**-**	**-**	**110.00**

Amounts reported under column (4), (5), (6) and (7) above are not mutually exclusive.

* Includes Investments in Non-SLR government securities amounting to ₹ 3.20Crore.

** Excludes investments in Equity Shares, Commercial Papers, Certificates of Deposit, Pass through certificates, Security Receipts, Securities acquired by way of conversion of debt and Units issued by Venture Capital in line with extant RBI guidelines.

THE FEDERAL BANK LIMITED

SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

b) Non-performing Non-SLR investments:

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024
Opening Balance	75.50	78.25
Additions during the year	-	-
Reductions during the year	3.65	2.75
Closing Balance	**71.85**	**75.50**
Total Provisions held	**71.85**	**75.50**

1.2.4. Sale and transfers to/ from HTM Category

In accordance with the RBI guidelines, Sales and transfers to/from HTM category does not include one-time transfer of securities to/ from HTM category with the approval of Board of Directors undertaken by banks at the beginning of the accounting year, direct sales from HTM for bringing down SLR holdings in HTM category consequent to a downward revision in SLR requirements by RBI, sales to RBI under open market operation auctions (OMO) and government securities acquisition program (GSAP), Repurchase of Government Securities by Government of India from banks and Repurchase of State Development Loans by respective state governments under buyback or switch operations, additional shifting of securities explicitly permitted by the Reserve Bank of India.

1.2.5 Government Security Lending (GSL) transactions

During the years ended March 31, 2025 and March 31, 2024, Bank has not participated in GSL transactions.

1.3. Derivatives

Disclosure in respect of Outstanding Interest Rate Swaps (IRS) and Forward Rate Agreement (FRA)

1.3.1 A) Exchange Traded Interest Rate Derivatives:

(Amount in ₹ Crore)

Sl. No	Particulars	March 31, 2025	March 31, 2024
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year		
	a) 6.10 G-Sec 2031(NSE)	-	-
	b) 6.10 G-Sec 2031(BSE)	-	-
	c) 5.85 G-Sec 2030 (NSE)	-	-
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding	-	-
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective"	-	-
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective"	-	-

1.3.1. B) The Bank had dealt in exchange traded currency futures during the financial year ended March 31, 2025 and March 31, 2024. As at March 31, 2025, the notional principal amount outstanding on open contracts is Nil (previous year: ₹ 15,243.70 Crore).

1.3.1. C) The credit exposure with clients, as compared to inter-bank counterparties, are generally secured by permitted collaterals. The credit exposure includes exposure arising out of swap contracts. However, generally, the collaterals provided by the clients are not specifically earmarked towards derivatives or swaps. Hence the amount of exposure is arrived conservatively without netting with the collateral.

1.3.2. A) Forward Rate Agreement (FRA)/ Interest Rate Swap (IRS)

Disclosure in respect of Outstanding Interest Rate Swaps (IRS) and Forward Rate Agreement (FRA)

(Amount in ₹ Crore)

Particulars		March 31, 2025	March 31, 2024
(i)	The notional principal of swap agreements	58,005.71	22,036.37
(ii)	Losses which would be incurred if counter parties failed to fulfil their obligations under the agreements	69.76	2.23
(iii)	Collateral required by the Bank upon entering into swaps	-	-
(iv)	Concentration of credit risk arising from the swaps	648.13	219.92
(v)	The fair value of the swap book	(8.67)	(44.27)

The nature and terms of the IRS as on March 31, 2025 are set out below:

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	1202	₹ 24,065.00 Crore	MIOIS	Fixed payable v/s floating receivable
Trading	1141	₹ 22,360.00 Crore	MIOIS	Fixed receivable/floating payable
Hedging	80	₹ 8,085.72 Crore	MIOIS	Fixed receivable/floating payable
Trading	5	₹ 384.64 Crore	Fixed Vs 1M SOFR	Fixed payable v/s floating receivable
Trading	2	₹ 55.56 Crore	Fixed Vs ON SOFR	Fixed payable v/s floating receivable
Trading	1	₹ 46.05 Crore	Fixed Vs ON STR	Fixed payable v/s floating receivable
Trading	5	₹ 384.64 Crore	Fixed Vs 1M SOFR	Fixed receivable v/s floating payable
Trading	1	₹ 64.10 Crore	Fixed Vs ON SOFR	Fixed receivable v/s floating payable

The nature and terms of Forward Rate Agreement as at March 31, 2025 are set out below.

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	59	₹ 2,560.00 Crore	FBIL yield	Sell FRA

The nature and terms of the IRS as on March 31, 2024 are set out below:

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	471	₹ 9,980.00 Crore	MIOIS	Fixed payable v/s floating receivable
Trading	451	₹ 9,805.00 Crore	MIOIS	Fixed receivable v/s floating payable
Trading	4	₹ 191.52 Crore	Fixed Vs 1M/ON SOFR	Fixed receivable v/s floating payable
Trading	3	₹ 166.55 Crore	Fixed Vs 1M SOFR	Fixed payable v/s floating receivable
Trading	4	₹ 138.30 Crore	O/N SOFR Vs 6M SOFR	Floating payable v/s floating receivable
Trading	36	₹ 1,755.00 Crore	FBIL yield	Sell FRA

During the year ended March 31, 2024 the bank has not entered into FRA deals.

1.3.2. B) Credit default swaps: The Bank has not undertaken any transactions in Credit Default Swaps (CDS) during the years ended March 31, 2025 and March 31, 2024.

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SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

1.3.3. Disclosure on Risk exposure in Derivatives

Qualitative disclosures:

(a) Structure and organization for management of risk in derivatives trading, the scope and nature of risk measurement, risk reporting and risk monitoring systems, policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants:

Derivatives are financial instruments whose characteristics are derived from underlying parameter's like interest rates, exchange rates or indices. The Bank undertakes over the counter and exchange traded derivative transactions for Balance Sheet management and also for proprietary trading. Bank offers derivative products to the customers to enable them to hedge their exposure within the prevalent regulatory guidelines. Proprietary trading includes Interest Rate Futures, Currency Futures, Non Deliverable Forwards and Rupee Interest Rate Swaps under different benchmarks (viz. MIBOR, MIFOR etc.) in over the counter/ exchange traded derivatives.

The Bank also undertakes transactions in Long Term Forex Contracts (LTFX) for hedging its Balance Sheet and also offers them to its customers. These transactions expose the Bank to various risks primarily credit, market, operational, legal and reputational. The Bank has adopted the following mechanism for managing risks arising out of the derivative transactions.

The derivative transactions are governed by the Policy for Investment, Forex and Derivative Activities and Market Risk Management Policy of the Bank as well as by the extant RBI guidelines. Various operational/risk limits are set up and actual exposures are monitored vis-à-vis the limits allocated. These limits are set up taking into account market volatility, risk appetite, business strategy and management experience. Risk limits are in place for risk parameters viz. Value at Risk (VaR), Net loss, deal size and Price Value of a Basis Point (PVBP). Actual positions are monitored against these limits on a daily basis and breaches if any are reported promptly. Risk assessment of the portfolio is undertaken periodically.

The Treasury front office enters into derivative transaction with customers and interbank counterparties. The Bank has an independent back office and mid office as per regulatory guidelines. The MTM position of the derivative portfolio is monitored on a regular basis. The impact on derivative portfolio on account of the probable market movements are assessed on regular basis. The risk profile of the outstanding portfolio is reviewed by the Board at regular intervals.

Interest rate contracts

Interest rate swaps involve the exchange of interest obligations with the counterparty for a specified period without exchanging the underlying (or notional) principal.

Interest rate futures are standardised interest rate derivative contracts traded on a recognised stock exchange to buy or sell a notional security or any other interest bearing instrument or an index of such instruments or interest rates at a specified future date at a price determined at the time of the contract.

Exchange rate contracts

Cross currency swaps are agreements to exchange principal amounts denominated in different currencies. Cross currency swaps may also involve the exchange of interest payments on one specified currency for interest payments in another specified currency for a specified period.

Currency options (including Exchange Traded Currency Option) give the buyer on payment of a premium, the right but not an obligation to buy or sell specified amounts of currency at agreed rates of exchange on or before a specified future date.

Currency futures contract is a standardised contract traded on an exchange to buy or sell a certain underlying currency at a certain date in the future at a specified price. The contract specifies the rate of exchange between one unit of currency with another.

Non-Deliverable Derivative Contracts

Non Deliverable Forwards are foreign exchange derivative contract involving the Rupee, entered into with a person resident outside India and which is settled without involving delivery of the Rupee.

(b) Accounting policy for recording hedge and non-hedge transactions, recognition of income, Premiums and discounts, valuation of outstanding contracts and provisioning

Bank deals in derivatives for hedging domestic or foreign currency assets/liabilities subject to the prevailing regulatory guidelines. Transactions for hedging and trading are recorded separately. For hedge transactions the Bank identifies the hedged item (asset or liability) at the inception of the transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Transactions related to foreign exchange forward / Interest rate Future/IRS/Currency futures are marked to market daily and the MTM is accounted in the books.

(c) Collateral Security

Bank has provided sufficient collateral to central counter parties and exchanges wherever applicable. As per market practice no collateral is insisted on for the contracts with counter parties like Banks/Primary Dealers (PDs) etc. but if a Credit Support Annexure (CSA) is signed then collateral is insisted as per the terms of CSA agreement. For deals with Corporate Clients appropriate collateral security/margin etc. is stipulated wherever considered necessary as per the CSA agreement.

(d) Credit Risk Mitigation

In the Interbank Space the Bank deals with other major banks and the default risk is perceived as low in this segment. Wherever the Credit Support Annexure (CSA) is signed the collateral is insisted as per the terms of the CSA agreement. This risk is managed under the limit framework laid down by the policy on Sovereign and Counterparty Bank Limits. Exposure against clients is mitigated by collecting proper collateral securities / margin as envisaged by the credit sanctioning team as per the CSA.

Quantitative Disclosures

(Amount in ₹ Crore)

Sl. No	Particulars	Currency Derivatives#		Interest rate Derivatives	
		Year ended March 31, 2025	Year ended March 31, 2024	Year ended March 31, 2025	Year ended March 31, 2024
	Derivatives (Notional Principal Amount)				
(i)	a) For hedging	-	-	8,085.72	-
	b) For trading	26,326.96	27,193.05	49,919.99	22,036.37
	Marked to Market positions				
(ii)	a) Asset (+)	307.54	130.27	348.23	97.50
	b) Liabilities (-)	139.42	91.94	356.90	141.78
(iii)	Credit Exposure	1,563.31	1,198.97	648.13	219.92
(iv)	Likely impact of one percentage change in interest rate (100*PV01)				
	a) on hedging derivatives	-	-	133.78	-
	b) on trading derivatives	-	-	316.55	177.40
(v)	Maximum and Minimum of 100*PV01 observed during the year				
	a) on hedging	-	-	Max = 169.25	-
		-	-	Min = 8.92	-
	b) on trading	-	-	Max = 346.25	Max =184.17
		-	-	Min = 171.15	Min = 0.19

excludes forward exchange contract and includes Non-deliverable forwards.

- The notional principal amount of forward exchange contracts (excluding Cash, tom and spot contracts) classified as Hedging and Trading outstanding as on March 31, 2025 amounted to ₹ 2,441.51 Crore (previous year ₹ 2,209.73 Crore) and ₹ 80,366.74 Crore (previous year ₹ 21,292.74 Crore) respectively. For the trading contract, as at March 31 2025 the marked to market position was asset of ₹ 514.52 Crore and liability of ₹ 603.38 Crore (previous year asset ₹ 301.30 Crore and liability of ₹ 278.56 Crore). Credit exposure on forward exchange contracts classified as Hedging and Trading as at March 31, 2025 amounted to ₹ 53.70 Crore (previous year ₹ 57.24 Crore) and ₹ 4,577.49 Crore (previous year ₹ 1,001.24 Crore) respectively. The notional principal amounts of derivatives reflect the volume of transactions outstanding as at the Balance Sheet date and do not represent the amounts at risk.

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SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

- Interest rate derivative represents interest rate swaps and bond FRA.
- The Bank has computed the maximum and minimum of PV01 for the year based on the daily balances for Interest rate Derivatives and Currency Derivatives.
- In respect of derivative contracts, the Bank evaluates the credit exposure arising therefrom, in line with RBI guidelines. Credit exposure has been computed using the current exposure method which is the sum of:

  a) The current replacement cost (Marked to Market value including accruals of the contract) or zero whichever is higher.

  b) The Potential Future Exposure (PFE) is a product of the notional principal amount of the contract and a factor that is based on the grid of credit conversion factor prescribed in RBI Guidelines, which is applied on the basis of the residual maturity and the type of contract.

1.4. Asset Quality

1.4.1.A1. Classification of advances and provisions held as on March 31, 2025

(Amount in ₹ Crore)

Particulars	Standard	Non-Performing				Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
Gross Standard Advances and NPAs						
Opening Balance	208,093.79	1,145.95	2,865.77	517.15	4,528.87	212,622.66
Add: Additions during the year					1,847.13	
Less: Reductions during the year*					2,000.46	
Closing balance	233,758.90	1,404.67	2,477.83	493.04	4,375.54	238,134.44
*Reductions in Gross NPAs due to:						
(i) Upgradation					301.13	
(ii) Recoveries (excluding recoveries from upgraded accounts)					932.88	
(iii) Technical / Prudential write offs					662.05	
(iv) Write-offs other than those under (iii) above					49.17	
(v) Reduction by Sale of Assets to ARCs					55.23	
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	1,233.66	345.26	2,287.73	517.15	3,150.14	4,383.80
Add: Fresh provisions made during the year					1,501.87	
Less: Excess provision reversed/ Write-off loans					1,423.14	
Closing balance of provisions held	1,187.66	735.63	2,000.20	493.04	3,228.87	4,416.53
Net NPAs#						
Opening Balance		800.68	454.65	-	1,255.33	
Add: Fresh additions during the year					344.66	
Less: Reductions during the year					559.61	
Closing Balance		669.04	371.34	-	1,040.38	
Floating Provisions						
Opening Balance						81.93
Add: Additional provisions made during the year						-
Less: Amount drawn down during the year						-
Closing balance of floating provisions						81.93
Technical write-offs and the recoveries made thereon						
Opening balance of Technical/ Prudential written-off accounts						2,718.95
Add: Technical/ Prudential write-offs during the year						662.06
Add: Change in balance of existing technically written off account due to exchange rate / others						5.29

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SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

(Amount in ₹ Crore)

Particulars	Standard	Non-Performing				Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
Less: Recoveries made from previously technical/ prudential written-off accounts during the year						143.23
Less: Sacrifice made from previously technical/ prudential written-off accounts during the year						9.53
Less: Reduction due to sale of NPAs to ARCs from previously technical/prudential written off accounts during the year						-
Closing balance						3,233.54

Note: Movement is the aggregate of quarterly movement during the year.

Computed as per Annex – 1 of RBI Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances.

Classification of advances and provisions held as on March 31, 2024

(Amount in ₹ Crore)

Particulars	Standard	Non-Performing				Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
Gross Standard Advances and NPAs						
Opening Balance	173,192.76	1,017.07	2,721.41	445.29	4,183.77	177,376.53
Add: Additions during the year					1,741.53	
Less: Reductions during the year*					1,396.43	
Closing balance	208,093.79	1,145.95	2,865.77	517.15	4,528.87	212,622.66
*Reductions in Gross NPAs due to:						
(i) Upgradation					354.02	
(ii) Recoveries (excluding recoveries from upgraded accounts)					895.32	
(iii) Technical / Prudential write offs					-	
(iv) Write-offs other than those under (iii) above					45.28	
(v) Reduction by Sale of Assets to ARCs					101.81	
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	1,435.66	303.94	2,111.24	445.29	2,860.47	4,296.13
Add: Fresh provisions made during the year					1,028.11	
Less: Excess provision reversed/ Write-off loans					738.44	
Closing balance of provisions held	1,233.66	345.26	2,287.73	517.15	3,150.14	4,383.80
Net NPAs#						
Opening Balance		713.13	491.88	-	1,205.01	
Add: Fresh additions during the year					713.41	
Less: Reductions during the year					663.09	
Closing Balance		800.68	454.65	-	1,255.33	
Floating Provisions						
Opening Balance						81.93
Add: Additional provisions made during the year						-
Less: Amount drawn down during the year						-
Closing balance of floating provisions						81.93

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SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

(Amount in ₹ Crore)

Particulars	Standard	Non-Performing				Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
Technical write-offs and the recoveries made thereon						
Opening balance of Technical/ Prudential written-off accounts						3,115.21
Add: Technical/ Prudential write-offs during the year						-
Add: Change in balance of existing technically written off account due to exchange rate / others						3.13
Less: Recoveries made from previously technical/ prudential written-off accounts during the year						116.87
Less: Sacrifice made from previously technical/ prudential written-off accounts during the year						197.71
Less: Reduction due to sale of NPAs to ARCs from previously technical/prudential written off accounts during the year						84.81
Closing balance						2,718.95

Note: 1. Movement is the aggregate of quarterly movement during the year.

[#] Computed as per Annex – 1 of RBI Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances.

1.4.1. A2 Details of accounts subjected to restructuring [1,2]

(Amount in ₹ Crore except number of borrowers)

Particulars		Agriculture and allied activities		Corporates (excluding MSME)		Micro, Small and Medium Enterprises (MSME)		Retail (excluding agriculture and MSME)		Total	
		As on March 31, 2025	As on March 31, 2024	As on March 31, 2025	As on March 31, 2024	As on March 31, 2025	As on March 31, 2024	As on March 31, 2025	As on March 31, 2024	As on March 31, 2025	As on March 31, 2024
Standard	Number of borrowers	3	18	4	4	18	24	52	101	77	147
	Gross Amount	0.28	1.14	8.29	10.27	22.94	33.46	8.01	4.62	39.52	49.49
	Provision held	0.01	0.05	0.42	0.53	1.03	1.06	0.40	0.23	1.86	1.87
Sub-standard	Number of borrowers	4	5	-	-	4	4	6	8	14	17
	Gross Amount	0.80	3.01	-	-	0.37	4.00	0.77	0.74	1.94	7.75
	Provision held	0.19	0.45	-	-	0.06	1.17	0.11	0.11	0.36	1.73
Doubtful	Number of borrowers	139	68	6	4	58	30	188	163	391	265
	Gross Amount	46.04	34.75	27.60	22.51	114.81	76.75	30.37	24.92	218.82	158.93
	Provision held	39.46	31.33	27.52	22.51	101.64	65.60	26.20	17.86	194.82	137.30
Loss	Number of borrowers	40	30	-	-	13	11	73	57	126	98
	Gross Amount	8.56	8.40	-	-	2.54	0.55	2.52	2.11	13.62	11.06
	Provision held	8.56	8.40	-	-	2.54	0.55	2.52	2.11	13.62	11.06
Total	Number of borrowers	186	121	10	8	93	69	319	329	608	527
	Gross Amount	55.68	47.30	35.89	32.78	140.66	114.76	41.67	32.39	273.90	227.23
	Provision held	48.22	40.23	27.94	23.04	105.27	68.38	29.23	20.31	210.66	151.96

Note:

1. Accounts where resolution plan is implemented under RBI Resolution Framework for Covid-19 related stress as per RBI circular dated August 06, 2020 (Resolution Framework 1.0) and May 05, 2021 (Resolution Framework 2.0) are excluded.
2. Technically written off accounts are excluded.

1.4.1. B. Significant Ratios

(In %)

Particulars	March 31, 2025	March 31, 2024
Gross non-performing assets as a percentage of gross advances	1.84	2.13
Net non-performing assets as a percentage of net advances.	0.44	0.60
Provision Coverage Ratio (Including Technical write-offs)	86.33	82.68
Provision Coverage Ratio (Excluding Technical write-offs)	75.37	71.08

1.4.2. Sector-wise Advances and Gross NPAs

(Amount in ₹ Crore)

Sl. No	Sector	March 31, 2025			March 31, 2024		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A	**Priority Sector**						
1.	Agriculture and allied activities	30,793.47	811.10	2.63	25,650.89	755.77	2.95
2.	Advances to industries sector eligible as priority sector lending	17,421.28	690.58	3.96	17,020.86	731.14	4.30
	Of which:						
	Food Processing	*3,254.14*	*188.92*	*5.81*	*3,094.69*	*261.62*	*8.45*
	Infrastructure	*3,511.95*	*180.74*	*5.15*	*3,404.87*	*193.11*	*5.67*
	Textiles	*2,826.18*	*72.16*	*2.55*	*2,717.85*	*50.80*	*1.87*
3.	Services	23,004.63	575.31	2.50	23,930.46	468.30	1.96
	Of which:						
	Financial Intermediation	*5,934.73*	*5.74*	*0.10*	*5,840.14*	*3.53*	*0.06*
	Real Estate	*2,408.40*	*3.33*	*0.14*	*1,914.43*	*2.86*	*0.15*
	Trade	*7,105.24*	*242.34*	*3.41*	*6,656.98*	*210.49*	*3.16*
4.	Personal loans	2,845.06	199.94	7.03	3,014.13	226.44	7.51
	Of which:						
	Education Loans	*348.03*	*111.16*	*31.94**	*390.01*	*128.19*	*32.87*
	Housing Loans	*2,461.00*	*88.78*	*3.61*	*2,589.50*	*98.24*	*3.79*
	Sub-total (A)	**74,064.44**	**2,276.93**	**3.07**	**69,616.34**	**2,181.65**	**3.13**
B	**Non-Priority Sector**						
1.	Agriculture and allied activities	1,183.47	44.03	3.72	1,103.03	47.05	4.27
2.	Industry	38,800.36	168.41	0.43	34,043.37	250.39	0.74
	Of which:						
	Infrastructure	*14,209.64*	*39.46*	*0.28*	*11,467.41*	*73.02*	*0.64*
3.	Services	48,080.02	354.22	0.74	39,654.91	687.13	1.73
	Of which:						
	Financial Intermediation	*18,860.74*	*6.52*	*0.03*	*18,429.03*	*2.02*	*0.01*
	Real Estate	*6,429.02*	*23.18*	*0.36*	*4,806.31*	*30.53*	*0.64*
	Trade	*8,544.92*	*167.10*	*1.96*	*5,379.82*	*302.62*	*5.63*
4.	Personal loans	76,006.15	1,531.95	2.02	68,205.01	1,362.65	2.00
	Of which:						
	Housing Loans	*28,143.46*	*418.06*	*1.49*	*27,702.72*	*464.67*	*1.68*
	Loans against Properties	*14,415.01*	*229.46*	*1.59*	*12,642.76*	*280.56*	*2.22*
	Vehicle/Auto Loans	*8,973.39*	*111.12*	*1.24*	*7,627.54*	*93.09*	*1.22*
	Sub-total (B)	**164,070.00**	**2,098.61**	**1.28**	**143,006.32**	**2,347.22**	**1.64**
	Total (A+B)	**238,134.44**	**4,375.54**	**1.84**	**212,622.66**	**4,528.87**	**2.13**

* Net NPA % of Education loan as on March 31, 2025 is 2.86% (previous year 6.57%)

Note:

1. Disclosure of sub-sectors is made where the outstanding advances exceeds 10% of the outstanding total advances to that sector as per extant RBI Guidelines.
2. Previous year's figures are reclassified to conform to current period classification as per extant RBI Guidelines.

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SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

1.4.3.Details of Overseas Assets, NPAs and Revenue

During the year ended March 31, 2016 the Bank had commenced its operation, pursuant to RBI approval, in International Financial Services Centre (IFSC) Banking Unit (IBU) in Gujarat International Finance Tec City (GIFT City) and business transactions from the same are considered as a Foreign branch for most Regulatory purposes as per para 2.2 of Annex I of RBI Circular DBR.IBD.BC 14570/23.13.004/2014-15 dated April 01, 2015. Apart from the said IBU, the Bank did not have any overseas branch as on March 31, 2025 and March 31, 2024. Details of Assets, NPAs and Revenue of IBU are given below:

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024
Total Assets	3,667.56	3,569.10
Total NPAs	-	208.51
Total Revenue	236.37	219.91

1.4.4. Divergence in Asset classification and Provisioning for NPAs

The divergence observed by RBI for the financial years 2023-24 and 2022-23 in respect of the Bank's asset classification and provisioning under the extant prudential norms on income recognition, asset classification and provisioning is below the regulatory requirement for disclosure and hence the disclosure as required under RBI Master Direction on 'Financial Statements-Presentation and Disclosures' on 'Divergence in the asset classification and provisioning', is not required to be made.

1.4.5. Resolution Plan (RP) implemented under Prudential Framework for Resolution of Stressed Assets dated June 07, 2019:

Particulars	March 31, 2025	March 31, 2024
Resolution Plan implemented during the year	-	-
Amount (₹ in crore)	-	-

1.4.6. Details of resolution plans implemented under the RBI Resolution Framework for COVID-19-related Stress as per RBI circular dated August 06, 2020 (Resolution Framework 1.0) and May 05, 2021 (Resolution Framework 2.0) are given below:

During the half year ended March 31, 2025

(Amount in ₹ Crore)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan– Position as at the end of the previous half-year ended September 30, 2024 (A) [1]	Of (A), aggregate debt that slipped into NPA during the half- year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half- year [2]	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year ended March 31, 2025 [1],[3]
Personal Loans	1,162.78	27.22	0.03	96.74	1,055.64
Corporate persons	32.79	0.12	-	3.30	29.99
Of which MSMEs	-	-	-	-	-
Others	124.61	7.78	-	18.82	98.46
Total	**1,320.18**	**35.12**	**0.03**	**118.86**	**1,184.09**

1. Excludes other facilities to the borrowers which have not been restructured.
2. Represents net movement in balance outstanding.
3. Includes accounts which were classified as NPA earlier and subsequently upgraded to standard during the half year ended March 31, 2025.

During the half year ended September 30, 2024

(Amount in ₹ Crore)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan– Position as at the end of the previous half-year ended March 31, 2024(A) [1]	Of (A), aggregate debt that slipped into NPA during the half- year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year [2]	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year ended September 30, 2024 [1],[3]
Personal Loans	1,292.87	43.51	0.03	102.78	1,162.78
Corporate persons	128.94	1.20	-	94.95	32.79
Of which MSMEs	-	-	-	-	-
Others	170.42	2.16	-	43.71	124.61
Total	**1,592.23**	**46.87**	**0.03**	**241.44**	**1,320.18**

1. Excludes other facilities to the borrowers which have not been restructured.
2. Represents net movement in balance outstanding.
3. Includes accounts which were classified as NPA earlier and subsequently upgraded to standard during the half year ended September 30, 2024.

During the half year ended March 31, 2024

(Amount in ₹ Crore)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan– Position as at the end of the previous half-year ended September 30, 2023(A) [1]	Of (A), aggregate debt that slipped into NPA during the half- year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half- year [2]	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year ended March 31, 2024 [1],[3]
Personal Loans	1,469.72	65.33	0.25	131.94	1,292.87
Corporate persons	139.02	4.60	-	5.48	128.94
Of which MSMEs	-	-	-	-	-
Others	222.68	4.31	-	48.67	170.42
Total	**1,831.42**	**74.24**	**0.25**	**186.09**	**1,592.23**

1. Excludes other facilities to the borrowers which have not been restructured.
2. Represents net movement in balance outstanding.
3. Includes accounts which were classified as NPA earlier and subsequently upgraded to standard during the half year ended March 31, 2024.

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During the half year ended September 30, 2023

(Amount in ₹ Crore)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan– Position as at the end of the previous half-year ended March 31, 2023 (A) [1]	Of (A), aggregate debt that slipped into NPA during the half- year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half- year [2]	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year ended September 30, 2023 [1],[3]
Personal Loans	1,711.99	105.50	0.02	149.46	1,469.72
Corporate persons	187.81	1.71	-	48.37	139.02
Of which MSMEs	-	-	-	-	-
Others	268.17	11.45	-	37.56	222.68
Total	**2,167.97**	**118.66**	**0.02**	**235.39**	**1,831.42**

1. Excludes other facilities to the borrowers which have not been restructured.
2. Represents net movement in balance outstanding.
3. Includes accounts which were classified as NPA earlier and subsequently upgraded to standard during the half year ended September 30, 2023.

1.4.7. Disclosures as per 'Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021' dated September 24, 2021 for the loans transferred / acquired are given below:

i) Details of loans not in default acquired through assignment during the year ended March 31, 2025 are given below:

Particulars	March 31, 2025	March 31, 2024
Aggregate amount of loans acquired (₹ in Crore)	856.16	1,956.07
Weighted average residual maturity (in years)	4.51	7.23
Weighted average holding period by originator (in years)	1.03	1.17
Retention of beneficial economic interest by the originator (₹ in Crore)	492.86	217.34
Tangible security coverage	115.82%	151.03%
Rating-wise distribution of rated loans	11.80% (A1+) 88.20% (Unrated)	Non-Corporate Borrowers

ii) Details of non-performing assets (NPAs) (excluding prudentially written off advances) transferred during the year ended March 31, 2025 and March 31, 2024 are given below:

(Amount in ₹ Crore except number of accounts)

Particulars	To ARCs		To permitted transferees		To other transferees	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Number of accounts	5	61	-	-	-	-
Aggregate principal outstanding of loans transferred	55.23	101.81	-	-	-	-
Weighted average residual tenor of the loans transferred (in years)	-	0.31	-	-	-	-
Net book value of loans transferred (at the time of transfer)	*	3.86	-	-	-	-
Aggregate consideration	12.50	36.70	-	-	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-	-	-	-
Provisions reversed to the Profit and Loss Account on account of sale of stressed loans	12.50	27.44	-	-	-	-

* Denotes less than 1 Lakh

iii) During the years ended March 31, 2025 and March 31, 2024, the Bank has not acquired any stressed loans and not transferred any loan not in default / Special Mention Accounts (SMA).

iv) During the years ended March 31, 2025, the Bank has not invested in Security Receipts (SR) issued by an Asset Reconstruction Company (ARC) pursuant to transfer of Non-Performing asset to ARC. (previous year: ₹ 5.10 Crore).

Details of the recovery ratings assigned to Security Receipts Outstanding are given below:

As on March 31, 2025

(Amount in ₹ Crore)

Rating	Recovery Rating	Gross Book Value	Provision held	Net Book Value
RR1	100%-150%	4.95	-	4.95

As on March 31, 2024

(Amount in ₹ Crore)

Rating	Recovery Rating	Gross Book Value	Provision held	Net Book Value
RR5	0-25%	32.79	32.79	-
RR4	25%- 50%	79.36	79.36	-
RR1	100% - 150%	4.43	4.43	-
Unrated	-	285.65	285.65	-
Total		**402.23**	**402.23**	-

1.4.8.Securitisation Transactions

The Bank has not sold standard assets under securitisation during the year ended March 31, 2025 and March 31, 2024.

1.4.9. Sponsored SPVs

The Bank has not sponsored any Off- Balance Sheet SPVs which is required to be consolidated as per accounting norms as at March 31, 2025 and March 31, 2024.

1.4.10. Accounts restructured under Micro, Small and Medium Enterprises (MSME) sector

The following table sets forth, for the periods indicated, the details of accounts restructured under MSME sector under RBI guidelines issued in January 2019 and subsequent changes thereafter.

Particulars	March 31, 2025	March 31, 2024
Number of accounts restructured	738	1,014
Amount outstanding (₹ in Crore)	374.60	568.09

1.4.11. Fraud accounts and Provisioning

(Amount in ₹ Crore except number of frauds)

Particulars	March 31, 2025	March 31, 2024
No. of frauds reported during the year	3,803	12,420
Amount involved in fraud	79.24	127.77
Amount involved in fraud net of recoveries/write offs/unrealised interest as at the end of the year requiring provision	47.01	52.81
Provision made during yesteryears for the above accounts	26.21	9.61
Provision made during the year	20.80	43.20
Provision held as at the end of the year for the above accounts	47.01	52.81
Amount of unamortised provision debited from "other reserves" as at the end of the year.	-	-

THE FEDERAL BANK LIMITED

SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

1.4.12. Movement of Provision on Standard Assets

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024
(a) Opening balance	1,246.41	1,448.41
(b) Additions during the year	18.00	-
(c) Deduction during the year	64.00	202.00
(d) Closing balance *	**1,200.41**	**1,246.41**

Note: Movement is the aggregate of quarterly movement during the year.

* Includes Provision held towards Unhedged Foreign Currency Exposure of Customers amounting ₹ 71.42 Crore (previous Year: ₹ 56.82 Crore) and floating provision of ₹ 12.75 Crore (previous year ₹ 12.75 Crore).

1.5. Asset Liability Management

1.5.1 Maturity pattern of certain items of assets and liabilities

As at March 31, 2025

(Amount in ₹ Crore)

Maturity Pattern	Deposits	Advances	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Day 1	1,985.11	1,624.08	12,371.12	-	1,114.74	357.36
2 – 7 days	4,475.20	886.25	2.40	5,591.77	5,594.29	135.07
8-14 days	1,890.94	2,105.79	-	674.24	740.54	59.48
15-30 days	3,704.54	3,955.38	413.53	924.28	2,436.05	554.46
31 days & up to 2 months	10,370.98	7,020.87	2,550.80	360.67	919.60	670.59
Over 2 months & up to 3 months	10,812.79	8,266.16	1,100.93	2,486.44	856.34	1,239.16
Over 3 months & up to 6 months	24,710.67	19,435.93	2,537.30	4,864.81	2,054.08	2,704.78
Over 6 months & up to 1 year	53,358.90	26,105.31	4,489.32	2,372.84	526.52	3,903.11
Over 1 year & up to 3 years	123,373.19	107,178.21	11,654.62	3,240.00	1,017.78	691.02
Over 3 years & up to 5 years	23,430.30	21,228.58	14,935.33	10.00	904.48	107.76
Over 5 years	25,534.85	37,029.83	16,190.26	3,201.25	109.94	-
Total	**283,647.47**	**234,836.39**	**66,245.61**	**23,726.30**	**16,274.36**	**10,422.79**

As at March 31, 2024

(Amount in ₹ Crore)

Maturity Pattern	Deposits	Advances	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Day 1	1,261.74	4,124.30	12,375.72	699.00	1,146.77	184.54
2 -7 days	6,164.35	929.60	710.12	2,615.65	4,019.63	112.72
8-14 days	1,823.38	1,845.76	512.47	908.73	1,066.53	258.27
15-30 days	2,673.02	2,789.42	1,236.12	1,030.82	1,268.12	790.46
31 days and up to 2 months	6,377.20	5,438.41	1,249.53	536.34	292.79	637.93
Over 2 months and up to 3 months	7,593.58	8,965.14	1,823.92	953.63	612.49	690.77
Over 3 months and up to 6 months	21,775.42	19,658.21	1,536.79	1,716.66	1,230.45	1,129.13
Over 6 months and up to 1 year	44,434.35	17,381.44	2,176.65	3,488.81	459.61	3,221.66
Over 1 year and up to 3 years	109,194.45	93,104.49	10,583.08	3,747.76	1,217.82	1,218.44
Over 3 years and up to 5 years	17,273.33	25,641.12	11,685.53	322.77	1,109.35	577.99
Over 5 years	33,963.20	29,525.44	16,969.60	2,006.25	90.07	-
Total	**252,534.02**	**209,403.33**	**60,859.53**	**18,026.42**	**12,513.63**	**8,821.91**

Note: Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors. Maturity profile of foreign currency assets and liabilities excludes forward exchange contracts and off-balance sheet items.

1.5.2 Liquidity Coverage Ratio (LCR)

a) Quantitative Disclosure

The following table sets forth, the daily average of unweighted and weighted values for all the quarters in the year ended March 31, 2025:

(Amount in ₹ Crore)

	Particulars	Quarter ended March 31, 2025		Quarter ended December 31, 2024		Quarter ended September 30, 2024		Quarter ended June 30, 2024	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets									
1	**Total High Quality Liquid Assets (HQLA)**		**54,586.19**		**53,407.95**		**52,112.02**		**49,915.78**
Cash outflows									
2	Retail deposits and deposits from small business customers, of which:	196,188.76	18,736.36	193,080.54	18,439.56	189,809.00	18,127.04	182,756.83	17,442.43
(i)	Stable deposits	17,650.34	882.52	17,369.83	868.49	17,077.24	853.86	16,665.13	833.26
(ii)	Less stable deposits	178,538.42	17,853.84	175,710.71	17,571.07	172,731.76	17,273.18	166,091.70	16,609.17
3	Unsecured wholesale funding, of which:	35,370.66	24,123.25	40,934.78	30,388.18	39,789.00	30,020.36	40,104.34	30,171.55
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	35,370.66	24,123.25	40,934.78	30,388.18	39,789.00	30,020.36	40,104.34	30,171.55
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4	Secured wholesale funding		-		-		-		-
5	Additional requirements, of which	393.94	393.94	274.34	274.34	298.83	298.83	252.40	252.40
(i)	Outflows related to derivative exposures and other collateral requirements	393.94	393.94	274.34	274.34	298.83	298.83	252.40	252.40
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	66,666.11	8,154.40	67,031.41	9,273.64	65,017.12	8,305.50	63,518.48	8,479.75
7	Other contingent funding obligations	19,869.14	596.07	18,830.52	564.92	17,756.40	532.69	17,169.85	515.10
8	**TOTAL CASH OUTFLOWS**		**52,004.02**		**58,940.64**		**57,284.42**		**56,861.23**
Cash Inflows									
9	Secured lending (e.g. reverse repos)	644.33	-	569.74	-	426.58	-	220.44	-
10	Inflows from fully performing exposures	17,190.00	13,197.90	17,758.31	13,664.45	15,718.85	11,823.83	15,878.94	12,416.69
11	Other cash inflows	350.27	350.27	218.90	218.90	207.91	207.91	119.43	119.43
12	**TOTAL CASH INFLOWS**	**18,184.60**	**13,548.17**	**18,546.95**	**13,883.35**	**16,353.34**	**12,031.74**	**16,218.81**	**12,536.12**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13	**TOTAL HQLA**		54,586.19		53,407.95		52,112.02		49,915.78
14	**TOTAL NET CASH OUTFLOWS**		38,455.85		45,057.29		45,252.68		44,325.11
15	**LIQUIDITY COVERAGE RATIO (%)**		**141.95%**		**118.53%**		**115.16%**		**112.61%**

Note : LCR data has been computed based on simple average of daily observations.

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SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

The following table sets forth, the daily average of unweighted and weighted values for all the quarters in the year ended March 31, 2024:

(Amount in ₹ Crore)

	Particulars	Quarter ended March 31, 2024		Quarter ended December 31, 2023		Quarter ended September 30, 2023		Quarter ended June 30, 2023	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets									
1	**Total High Quality Liquid Assets (HQLA)**		**49,596.39**		**45,332.84**		**44,132.10**		**41,306.58**
Cash outflows									
2	Retail deposits and deposits from small business customers, of which:	173,957.19	15,782.87	165,679.01	14,832.11	162,614.39	14,582.46	162,377.12	14,574.23
(i)	Stable deposits	32,256.92	1,612.85	34,715.80	1,735.79	33,579.78	1,678.99	33,269.62	1,663.48
(ii)	Less stable deposits	141,700.27	14,170.02	130,963.21	13,096.32	129,034.61	12,903.47	129,107.50	12,910.75
3	Unsecured wholesale funding, of which:	35,438.77	26,693.76	33,594.87	26,091.01	29,432.70	22,493.33	26,068.49	20,189.53
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	35,438.77	26,693.76	33,594.87	26,091.01	29,432.70	22,493.33	26,068.49	20,189.53
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4	Secured wholesale funding		-		-		-		-
5	Additional requirements, of which	37.83	37.83	-	-	-	-	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	37.83	37.83	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	60,943.55	6,651.01	59,430.11	6,437.29	55,202.24	6,276.50	53,680.36	5,996.18
7	Other contingent funding obligations	16,890.57	506.72	15,611.19	468.34	13,959.80	418.79	13,764.24	412.93
8	**TOTAL CASH OUTFLOWS**		**49,672.19**		**47,828.75**		**43,771.08**		**41,172.87**
Cash Inflows									
9	Secured lending (e.g. reverse repos)	239.47	-	79.20	-	273.37	-	494.36	-
10	Inflows from fully performing exposures	14,363.48	10,829.13	13,782.15	9,990.30	11,595.22	8,374.52	11,198.93	8,092.42
11	Other cash inflows	46.55	46.55	34.60	34.60	34.84	34.84	37.57	37.57
12	**TOTAL CASH INFLOWS**	**14,649.50**	**10,875.68**	**13,895.95**	**10,024.90**	**11,903.43**	**8,409.36**	**11,730.86**	**8,129.99**
			Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13	**TOTAL HQLA**		**49,596.39**		**45,332.84**		**44,132.10**		**41,306.58**
14	**TOTAL NET CASH OUTFLOWS**		**38,796.51**		**37,803.85**		**35,361.72**		**33,042.88**
15	**LIQUIDITY COVERAGE RATIO (%)**		**127.84%**		**119.92%**		**124.80%**		**125.01%**

Note: LCR data has been computed based on simple average of daily observations.

b) Qualitative Disclosure

As at March 31, 2025

The Bank adheres to RBI guidelines on Liquidity Coverage Ratio, Liquidity Risk Monitoring Tools and the LCR Disclosure Standards pursuant to the Basel III Framework on Liquidity Standards that are applicable to banks in India with effect from January 1, 2015. The regulatory threshold is embedded into the Risk Appetite Statement of the Bank and hence maintenance of LCR is subject to periodic review of Risk Management Committee/Board. The Bank computes the LCR and reports the same to the Asset Liability Management Committee (ALCO) every month for review as well as to the Risk Management Committee of the Board. Liquidity Coverage Ratio (LCR) promotes short-term resilience of banks to potential liquidity disruptions by ensuring that they have sufficient high quality liquid assets (HQLAs) to survive an acute stress scenario lasting for 30 days. LCR is computed daily from 1st January 2017 and in accordance with regulatory prescriptions, the LCR disclosures contain data on simple average of daily observations over a period of 90 days. The bank has not computed LCR separately for any foreign currency since the aggregate liabilities denominated in any foreign currency doesn't amount to 5% or more of the Bank's total liabilities. Bank has consistently maintained LCR above the prescribed regulatory minimum.

On average, 98% of the HQLA maintained by the Bank comprises of Level 1 assets which is the most liquid asset category. Cash in hand, excess CRR and SLR, G-Sec within mandatory SLR requirement permitted by RBI under Marginal Standing Facility (MSF) and Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR) as per RBI guidelines from time to time, constitutes Level 1 HQLA. Level 2 assets maintained by the Bank comprises of (a) marketable securities representing claims on or claims guaranteed by sovereigns, Public Sector Entities (PSEs) or multilateral development banks that are assigned a 20% risk weight under the Basel III Standardized Approach for credit risk and that are not issued by a bank/financial institution/NBFC or any of its affiliated entities and (b) Corporate bonds and commercial papers, not issued by a bank/financial institution/NBFC or any of its affiliated entities, which have been rated AA- or above by an Eligible Credit Rating Agency. HQLA is also well diversified across various instruments and liquid asset types and shall provide the Bank with adequate and timely liquidity.

Bank has a well-diversified funding portfolio. Retail deposits, considered stable from a liquidity perspective is the major funding source of the Bank, indicating lower dependence of the Bank on wholesale funds.

The liquidity risk management in the Bank is guided by the ALM Policy. Asset Liability Management Committee (ALCO) is the executive level committee responsible for ALM process in the Bank. Bank's liquidity management is done by the Treasury department as per the directions of ALCO. Integrated Risk Management Department actively monitors the liquidity position of the Bank and apprises ALCO on a continuous basis to initiate appropriate actions to ensure that the liquidity position is well within the Risk Appetite set by the Board.

As at March 31, 2024

The Bank adheres to RBI guidelines on Liquidity Coverage Ratio, Liquidity Risk Monitoring Tools and the LCR Disclosure Standards pursuant to the Basel III Framework on Liquidity Standards that are applicable to banks in India with effect from January 01, 2015. The regulatory threshold is embedded into the Risk Appetite Statement of the Bank and hence maintenance of LCR is subject to periodic review of Risk Management Committee/Board. The Bank computes the LCR and reports the same to the Asset Liability Committee (ALCO) every month as well as to the Risk Management Committee of the Board. Liquidity Coverage Ratio (LCR) promotes short-term resilience of banks to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Assets (HQLAs) to survive an acute stress scenario lasting for 30 days. LCR is computed on a daily basis from January 01, 2017 and in accordance with regulatory prescriptions. The LCR disclosures contain data on simple average of daily observations over a period of 90 days. Bank has not computed LCR separately for any foreign currency since the aggregate liabilities denominated in any foreign currency doesn't amount to 5% or more of the Bank's total liabilities. Bank has consistently maintained LCR above the prescribed regulatory minimum.

On average, 98% of the HQLA maintained by the Bank comprises of Level 1 assets which is the most liquid asset category. Cash in hand, excess CRR and SLR, G-Sec within mandatory SLR requirement permitted by RBI under Marginal Standing Facility (MSF) and Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR) as per RBI guidelines from time to time, constitutes Level 1 HQLA. Level 2 assets maintained by the Bank comprises of (a) marketable securities representing claims on or claims guaranteed by sovereigns, Public Sector Entities (PSEs) or multilateral development banks that are assigned a 20% risk weight under the Basel III Standardized Approach for credit risk and that are not issued by a bank/financial institution/NBFC or any of its affiliated entities

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SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

and (b) Corporate bonds and commercial papers, not issued by a bank/financial institution/NBFC or any of its affiliated entities, which have been rated AA- or above by an Eligible Credit Rating Agency. HQLA is also well diversified across various instruments and liquid asset types and shall provide the Bank with adequate and timely liquidity.

Bank has a well-diversified funding portfolio. Retail deposits, considered as stable deposits from a liquidity perspective is the major funding source of the Bank, indicating lower dependence of the Bank on wholesale funds.

The liquidity risk management in the Bank is guided by the ALM Policy. Asset Liability Committee (ALCO) is the executive level committee responsible for ALM process in the Bank. Bank's liquidity management is actively done by the Treasury department as per the directions of ALCO. Integrated Risk Management Department actively monitors the liquidity position of the Bank and apprises ALCO on a continuous basis to initiate appropriate actions to ensure that the liquidity position is well within the Risk Appetite set by the Board of Directors.

1.6. Exposures

1.6.1 Exposure to Real Estate Sector

(Amount in ₹ Crore)

Category		March 31, 2025	March 31, 2024
A.	**Direct Exposure:**		
	Residential Mortgages:		
i)	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; Exposure also includes non-fund based (NFB) limits;	33,839.22	33,449.05
	(of which individual housing loans eligible for inclusion in Priority sector advances).	(2,509.20)	(2,650.51)
	Commercial Real Estate:		
ii)	Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	13,157.43	10,360.85
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitized exposures –		
a)	Residential	-	-
b)	Commercial Real Estate	-	-
B.	**Indirect Exposure:**		
	Fund based and non-fund-based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	4,160.44	5,189.72
Total Exposure to Real Estate sector		**51,157.09**	**48,999.62**

1.6.2 Exposure to Capital Market

(Amount in ₹ Crore)

Category		March 31, 2025	March 31, 2024
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	589.36	428.13
(ii)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	1.22	42.07
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/ units of equity oriented mutual funds does not fully cover the advances;	598.40	1,214.63

(Amount in ₹ Crore)

Category		March 31, 2025	March 31, 2024
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	1,910.15	1,472.83
(vi)	Loans sanctioned to corporates against the security of shares / bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows/issues;	-	-
(viii)	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
(ix)	Financing to stockbrokers for margin trading;	-	-
(x)	All exposures to Venture Capital Funds (both registered and unregistered)	255.09	211.37
Total Exposure to Capital Market		**3,354.22**	**3,369.03**

1.6.3 Risk Category wise Country Exposure

The net funded exposure of the Bank in respect of foreign exchange transactions with each country is within 1% of the total assets of the Bank and hence no provision is required to be made in respect of country risk as per the RBI guidelines:

(Amount in ₹ Crore)

Risk category*	Exposure (net) March 31, 2025	Provision held March 31, 2025	Exposure (net) March 31, 2024	Provision held March 31, 2024
Insignificant	1,863.25	-	2,213.19	-
Low	1,578.12	-	599.32	-
Moderately low	273.32	-	353.06	-
Moderate	29.70	-	8.34	-
Moderately high	-	-	7.20	-
High	-	-	-	-
Very High	-	-	-	-
Total	**3,744.39**	**-**	**3,181.11**	**-**

* The above figures include both funded as well as non-funded exposure.

Note: The Bank has compiled the data for the purpose of disclosure in Note No. 1.6.3 from its internal MIS system and has been furnished by the management, which has been relied upon by the auditors.

1.6.4. During the years ended March 31, 2025 and March 31, 2024, the Bank's credit exposure to single borrower and group borrowers was within the prudential exposure limits prescribed by RBI.

1.6.5 Unsecured Advances: During the years ended March 31, 2025 and March 31, 2024 there are no unsecured advances for which intangible securities such as charge over the rights, licences, authority etc. have been taken as collateral by the Bank.

1.6.6 Factoring exposure: The factoring exposure of the Bank as on March 31, 2025 is ₹ 3,767.50 Crore (previous year: ₹ 4,228.41 Crore)

1.6.7 Unhedged Foreign Currency Exposure: The Bank has in place a policy on managing credit risk arising out of unhedged foreign currency exposures of its borrowers. The objective of this policy is to maximize the hedging on foreign currency exposures of borrowers by reviewing their foreign currency exposures and encouraging them to hedge the unhedged portion. The policy framework also articulates the methodologies for ascertaining the amount of unhedged foreign currency exposures, estimating the extent of likely loss, estimating the riskiness of the unhedged position and making appropriate provisions and capital charge as per extant RBI guidelines. In line with the policy, assessment of unhedged foreign currency exposure is a part of credit appraisal while proposing limits or at the review stage. Further, the Bank reviews the unhedged foreign currency exposure across its portfolio on a periodic basis. The Bank maintains incremental provisions and additional capital for the unhedged foreign currency exposures of its borrowers in line with the extant RBI guidelines. The Bank has maintained ₹ 71.42 Crore (previous year ₹ 56.82 Crore) as provision and ₹ 150.36 Crore (previous year ₹ 102.83 Crore) as additional capital for computation of capital adequacy ratio on account of the unhedged foreign currency exposures of borrowers.

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SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

1.6.8 Details of Intra-Group Exposure

(Amount in ₹ Crore)

Sl. No	Particulars	March 31, 2025	March 31, 2024
1	Total amount of intra-group exposures*	1,135.83	1,151.61
2	Total amount of top-20 intra group exposures*	1,135.83	1,151.61
3	Percentage of intra group exposures to total exposure of the Bank to borrowers/ customers *	0.33%	0.38%
4	Details of breach of limits on intra-group exposures and regulatory action thereon if any	-	-

* Exposure is computed as per the definition of Credit and Investment Exposure in RBI Master Circular on Exposure Norms DBR. No. Dir.BC.12/13.03.00/ 2015-16 dated July 01, 2015.

1.7. Concentration of Deposits, Advances, Exposures and NPAs

1.7.1 Information on Concentration of deposits:

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024
Total deposits of twenty largest depositors	13,759.19	17,743.76
Percentage of deposits of twenty largest depositors to total deposits of the Bank	4.85%	7.03%

Note: Excludes holders of certificate of deposits which are tradable instruments.

1.7.2 Information on Concentration of advances:

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024
Total advances to the twenty largest borrowers	25,813.99	22,188.63
Percentage of advances to the twenty largest borrowers to total advances of the Bank	7.64%	7.73%

Note: As per Master Direction, Advances is computed based on credit exposure i.e. funded and non-funded limits including derivative exposures. The sanctioned limits or outstanding, whichever are higher, is reckoned. However, in the case of fully drawn term loans, where there is no scope for re-drawal of any portion of the sanctioned limit, Bank reckon the outstanding as the credit exposure.

1.7.3 Information on Concentration of exposures:

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024
Total exposures to the twenty largest borrowers/customers	26,998.05	22,427.13
Percentage of exposures to the twenty largest borrowers/customers to the total exposure of the Bank on borrowers/customers	7.75%	7.39%

Note: Exposure is computed as per the definition of Credit and Investment Exposure in RBI Master Circular on Exposure Norms DBOD. No. Dir.BC.12/13.03.00/ 2015-16 dated July 01, 2015.

1.7.4 Information on Concentration of NPAs:

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024
Total exposures to the top twenty NPA accounts*	326.68	650.31
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs.	7.47%	14.36%

* Above represents Gross NPA

1.8. Transfers to Depositor Education and Awareness (DEA) Fund

In accordance with the guidelines issued by the RBI, the Bank transfers the amount to the credit of any account which has not been operated upon for a period of ten years or any deposit or any amount remaining unclaimed for more than ten years to the DEA Fund. Details of amounts transferred to / reimbursed by DEA Fund are set out below:

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024
Opening balance of amounts transferred to DEA Fund	309.87	279.68
Add: Amounts transferred to DEA Fund during the year	37.80	48.13
Less: Amounts reimbursed by DEA Fund towards claims	8.49	17.94
Closing balance of amounts transferred to DEA Fund	339.18	309.87

Note: The closing balance of the amount transferred to DEA Fund, is included under Schedule 12 - Contingent Liabilities - Other items for which the Bank is contingently liable.

1.9. Disclosure of complaints

A. Summary information on complaints received by the Bank from customers and from the Offices of Ombudsman

Sl. No	Particulars	March 31, 2025	March 31, 2024
Complaints received by the Bank from its customers			
1	Number of complaints pending at beginning of the year	6,657	5,864
2	Number of complaints received during the year	174,310	260,580
3	Number of complaints disposed during the year	175,962	259,787
	3.1. Of which, number of complaints rejected by the Bank	112,412	166,232
4	Number of complaints pending at the end of the year	5,005	6,657
Maintainable complaints received by the Bank from Offices of Ombudsman			
5	Number of maintainable complaints received by the Bank from Office of Ombudsman	1,947	1,572
	5.1. Of which, number of complaints resolved in favour of the Bank by Office of Ombudsman	889	801
	5.2. Of which, number of complaints resolved through conciliation/ mediation/ advisories issued by Office of Ombudsman	1,056	771
	5.3. Of which, number of complaints resolved after Passing of Awards by Office of Ombudsman against the Bank	2	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously Integrated Ombudsman Scheme, 2021) and covered within the ambit of the Scheme.

B) Top Five grounds of complaints received by the Bank from customers.

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year		Number of complaints received during the year		% increase/ (decrease) in the number of complaints received over the previous year		Number of complaints pending at the end of the year		Of 5, number of complaints pending beyond 30 days	
1	2		3		4		5		6	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
ATM/CDM/Debit Cards	1,349	2,353	50,304	65,100	(22.73)	(40.70)	1,052	1,349	209	137
Internet/Mobile/ Electronic Banking	4,393	3,086	91,973	167,488	(45.09)	230.93	3,325	4,393	1,323	63
Loans and advances	37	25	3,982	4,782	(16.73)	79.84	31	37	-	1
Credit Cards	616	334	18,480	17,107	8.03	577.77	582	616	126	5
Account opening/difficulty in operation of accounts	179	27	7,950	3,154	152.06	54.99	12	179	-	4
Others	83	39	1,621	2,949	(45.03)	10.37	3	83	-	1
Total	**6,657**	**5,864**	**174,310**	**260,580**	**(33.11)**	**53.03**	**5,005**	**6,657**	**1,658**	**211**

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SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

1.10. Details of penalties imposed by the Reserve Bank of India

(Amount in ₹ Lakh)

Particulars		March 31, 2025	March 31, 2024
a)	Penalty imposed on currency chests		
	Number of instances of default	22	18
	Quantum of penalty imposed	1.88	1.95
b)	Penalty imposed on deficiency in regulatory compliances		
	Number of instances of default	54	54
	Quantum of penalty imposed	48.69	47.25

1.11. Disclosures on Remuneration

i) Qualitative disclosures

a) Information relating to the composition and mandate of the Nomination, Remuneration, Ethics and Compensation Committee (or Remuneration Committee in short):

The Nomination, Remuneration, Ethics and Compensation Committee of the Board oversees the framing, review and implementation of the compensation policy of the Bank, on behalf of the Board. As per the code of corporate governance and code of conduct for the board of directors and management, The Committee shall consist of only Non-Executive Directors and the minimum number of members shall be three. At least half of the members attending the meeting of the Remuneration Committee shall be independent directors, of which one shall be a member of the Risk Management Committee of the Board.

As on March 31, 2025, the remuneration committee of the Board comprises of the following Independent Directors:

- Mr. Siddhartha Sengupta (Chairman)
- Mr. Manoj Fadnis
- Mr. Sudarshan Sen

Out of the above, Mr. Siddhartha Sengupta and Mr. Sudarshan Sen are also a member of Risk Management Committee of the Board.

The Nomination, Remuneration, Ethics and Compensation Committee of the Board functions with the following mandate, in respect of matters related to remuneration:

i. recommending to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

ii. Formulating and determining the Bank's policies on remuneration packages payable to the Directors and key managerial personnel including performance/achievement bonus, perquisites, retirals, sitting fees.

iii. Considering grant of Stock Options to employees.

iv. Recommend to the board, all remuneration, in whatever form, payable to senior management

b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.

The Bank has formulated and adopted a comprehensive compensation policy covering all the employees and the policy is reviewed on an annual basis. The policy covers all aspects of the compensation structure such as fixed pay, variable compensation, perquisites, performance bonus, guaranteed bonus (joining/sign-on bonus), severance package, share-linked instruments e.g. Employee Stock Option Scheme (ESOS), pension, gratuity, etc., taking into account the Guidelines issued by Reserve Bank of India from time to time.

The objectives of the remuneration policy are four-fold:

- To align compensation with prudent risk taken
- To drive sustainable performance in the Bank

- To ensure financial stability of the Bank; and
- To attract and retain talent

The compensation paid to the **Chief Executive Officer (CEO) / Whole Time Directors (WTDs) /Material Risk Takers (MRTs)** is divided into two components:

1. **Fixed Pay and Perquisites :** The fixed compensation is determined based on the relevant factors such as industry standards, the exposure, skill sets, talent and qualification attained by the official over his/her career span and adherence to statutory requirements. All the fixed items of compensation, including the perquisites, will be treated as part of fixed pay. Perquisites that are reimbursable would also be included in the fixed pay so long as there are monetary ceilings on these reimbursements. Contributions towards superannuation/retiral benefits will also be treated as part of fixed pay.

2. **Variable Compensation :** The variable compensation for Whole Time Directors, Managing Director & Chief Executive Officer and Material Risk Takers is fixed based on organizational performance (both business-unit and firm-wide) and KPAs set for the official. The organization's performance is charted based on Performance Scorecard which takes into account various financial indicators like revenue earned, cost incurred, profit earned, NPA position and other intangible factors like leadership and employee development. The Scorecard provides a mix of Financial and Non-Financial, Quantitative and Qualitative Metrics. Additionally, serious supervisory observations (if any) are also factored. The variable pay is paid in the form of share-linked instruments, or a mix of cash and share-linked instruments.

Risk, Control and Compliance Staff : Members of staff engaged in financial and risk control, including internal audit, are compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the Bank. The total fixed and variable compensation paid out to the employees in the Risk Control and Compliance Function is decided independent of business parameters. The mix of fixed and variable compensation for control function personnel is weighted in favour of fixed compensation, to ensure autonomy and independence from business goals.

Grander Compensation Package to Executives in Level IV and above : The Compensation package applicable to Executives in Level IV and above are governed under the provisions of Grander Compensation Package, a performance linked pay structure implemented in the Bank with effect from May 01, 2017. Annual Increment under the "Grander Compensation Package" is based on the annual performance rating of the Executive concerned.

Compensation paid to Employees on IBA Package : The compensation paid to Award Staff and Officers coming under Scale I to III is fixed based on the periodic industry level settlements with Indian Banks' Association. The present scale of pay and other service conditions applicable to employees, whose compensation package is governed under IBA package is as per provisions of 12th Bipartite Settlement/ Joint note dated March 08, 2024.

c) Description of the ways in which current and future risks are taken into account in the remuneration processes.

For the purpose of effectively aligning compensation structure with risk outcomes, the functionaries in the Bank are arranged under the following three categories:

1. MD & CEO/Whole Time Directors/ Material Risk Takers (MRTs)
2. Risk Control and Compliance Staff
3. Other Categories of Staff

In order to manage current and future risk and allow a fair amount of time to measure and review both quality and quantity of the delivered outcomes, the Bank maintains proper balance between fixed pay and variable pay. A significant portion (i.e. at least 50 per cent) of total compensation payable to MD & CEO, Whole Time Directors and Material Risk Takers (MRTs) is variable.

THE FEDERAL BANK LIMITED

SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

Committees to mitigate risks caused by an individual decision.

In order to further balance the impact of market or credit risks caused to the Bank by an individual decision taken by a senior level executive, MD & CEO or ED, the Bank has constituted various committees to take decisions on various aspects:

- Credit limits are sanctioned by committees at different levels.
- Investment decisions of the Bank are taken and monitored by Investment committee and there is an upper limit in treasury dealings where individual decisions can be taken.
- Interest rates on asset and liability products for different buckets are decided and monitored by the Asset Liability Committee of the Board (ALCO). Banks' exposures to liquidity risk are also monitored by ALCO.

Hedging

No compensation scheme or insurance facility would be provided by the Bank to employees to hedge their compensation structure to offset the risk alignment mechanism (deferral pay and claw back arrangements) embedded in their compensation arrangement. Appropriate compliance arrangements have been established to ensure that employees do not insure or hedge their compensation structure.

Committee of Management for reviewing the linkage of Risk Based Performance with Remuneration : A Committee, comprising of CFO and Heads of Risk Division and HR Department would assist the Nomination and Remuneration Committee of the Board to monitor, review and control various risks and to balance prudent risk taking with the compensation paid out to top Executives, WTDs and other employees

d) **Linkage of performance during a performance measurement period with levels of remuneration.**

The Bank's performance is charted based on performance scorecard which takes into account various financial indicators like revenue earned, cost deployed, and profit earned, NPA position and other intangible factors like leadership and employee development. Variable pay is paid purely based on performance and is measured through Scorecard for MD & CEO / EDs. The scorecard provides a mix of financial and non-financial, quantitative and qualitative metrics.

The compensation package applicable to Executives in Level IV to VII was earlier fixed and governed based on the periodical industry level settlements under IBA pattern. To make the Compensation Structure market driven and competitive, a new performance-based compensation package called "Grander Compensation Package" has been introduced for Executives in Level IV (Associate Vice President / Assistant Vice President) and above with effect from May 01, 2017.

The compensation paid to other officials that include Award Staff, Officers coming under Scale I to III is fixed based on the periodic industry level settlements with Indian Banks Association.

e) Bank's policy on deferral and vesting of variable remuneration and criteria for adjusting deferred remuneration before vesting and after vesting.

MD & CEO, Whole Time Directors and Material Risk Takers (MRTs).

Deferral of Variable Pay : For MD & CEO, Whole Time Directors and Material Risk Takers (MRTs) deferral arrangements would invariably exist for the variable pay, regardless of the quantum of pay. For such executives of the Bank, a minimum of 60% of the total variable pay must invariably be under deferral arrangements. Further, if cash component is part of variable pay, at least 50% of the cash bonus would also be deferred. However, in cases where the cash component of variable pay is under ₹ 0.25 crore, deferral requirements would not be necessary.

Period of Deferral Arrangement : The deferral period would be minimum of three years. This would be applicable to both the cash and non-cash components of the variable pay.

Vesting : Deferred remuneration would either vest fully at the end of the deferral period or be spread out over the course of the deferral period, subject to the following conditions:

- The first such vesting will be not before one year from the commencement of the deferral period.
- The vesting will be no faster than on a pro rata basis.
- Vesting will not take place more frequently than on a yearly basis.

In case of deferred compensation (cash component), the payment will be made as per the Schedule mentioned below.

Proportion of deferred Variable Pay	Timelines*
50.00%	Year N - Upfront
16.50%	Year N +1
16.50%	Year N +2
17.00%	Year N+3

(* subject to approval of RBI for MD & CEO and WTD's)

Risk Control and Compliance Staff

At least 25% of the total compensation would be variable and the total variable pay will be limited to a maximum of 100% of the fixed pay (for the relative performance measurement period). Deferral arrangements would invariably exist for the variable pay, if the Variable Pay exceeds 75% of the fixed pay. In such cases a minimum of 60% of the total variable pay must invariably be under deferral arrangements. Further, if cash component is part of variable pay, at least 50% of the cash bonus would also be deferred. However, in cases where the cash component of variable pay is under ₹ 0.25 crore, deferral requirements would not be necessary.

Other categories of Staff

The variable pay would be in the form of cash, share-linked instruments, or a mix of both cash and share-linked instruments. The total variable pay will be limited to a maximum of 300% of the fixed pay (for the relative performance measurement period). Deferral arrangements would invariably exist for the variable pay, if the Variable Pay exceeds 200% of the fixed pay. In such cases a minimum of 60% of the total variable pay must invariably be under deferral arrangements. Further, if cash component is part of variable pay, at least 50% of the cash bonus would also be deferred. However, in cases where the cash component of variable pay is under ₹ 0.25 crore, deferral requirements would not be necessary.

Malus / Claw back arrangement

The variable compensation is covered under Malus / Claw back arrangements in case of all categories of employees. In the event of subdued or negative contributions of the Bank and/or the relevant line of business in any year, the deferred compensation will be subjected to:

- Malus arrangement wherein Bank shall withhold vesting of all or part of the amount of deferred remuneration.
- Claw back arrangement wherein the employees shall be liable to return previously paid or vested remuneration to the Bank. The deferred compensation, if any, paid to such functionaries shall be subject to Claw back arrangements, which will entail the Bank to recover proportionate amount of variable compensation from such functionaries, on account of an act or decision taken by the official which has brought forth a negative contribution to the Bank at a prospective stage.

The malus and claw back provisions would cover the deferral and retention periods. If an Official covered under these provisions is responsible for any act or omission or non-compliance of regulatory guidelines resulting in a penalty being imposed by any Regulators or engages in a detrimental conduct, the Bank would be entailed to recover proportionate amount of variable compensation from such functionaries within 48 months from the date of payment/vesting of variable compensation. The Bank has put in place appropriate modalities, performance thresholds and detailed framework to cover the trigger points with or invoking malus/claw back, taking into account relevant statutory and regulatory stipulations, as applicable.

THE FEDERAL BANK LIMITED

SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

f) Description of the different forms of variable remuneration

The variable pay is in the form of share-linked instruments, or a mix of cash and share-linked instruments. The Bank uses an optimum and proper mix of cash (Performance Linked Incentive/Ex- Gratia) and share-linked instruments (Stock Options) to decide the compensation of employees in all categories.

The distribution of Stock Options and variable Performance Linked Incentives are higher in top levels and is linked with their performance measurements taken from Scorecards. This is done to align the compensation of senior staff with their performance, risk and responsibility taken in higher assignments.

ii) Quantitative disclosures

The quantitative disclosures include only Whole Time Directors/Chief Executive Officer/Material Risk Takers

Particulars			March 31, 2025	March 31, 2024
(a)		Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	13 ₹ 0.16 Crore	15 ₹ 0.15 Crore
(b)	(i)	Number of employees having received a variable remuneration award during the financial year.	10	8
	(ii)	Number and total amount of sign-on/joining bonus made during the financial year.	-	-
	(iii)	Details of severance pay in addition to accrued benefits if any.	-	-
(c)	(i)	Total amount of outstanding deferred remuneration split into cash, shares and share-linked instruments and other forms	Cash – ₹ 0.49 Crore Shares – Nil Share-linked instruments (Unvested Stock Options granted after April 01, 2021) - 1,508,600 Options having Fair Value of ₹ 6.61 Crore.	Cash – ₹ 0.28 Crore Shares – Nil Share-linked instruments (Unvested Stock Options granted after April 01, 2021) - 1,500,450 Options having Fair Value of ₹ 5.11 Crore.
	(ii)	Total amount of deferred remuneration paid out in the financial year.	301,600 Options having Fair Value of ₹ 0.90 Crore	154,750 Options having Fair Value of ₹ 0.45 Crore.
(d)		Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred	Fixed - ₹ 16.36 Crore[#] Variable - ₹ 3.78 Crore Deferred - ₹ 2.54 Crore (Cash – ₹ 0.49 Crore Share-linked instruments - Fair Value of 3,09,750 Options granted during the year)	Fixed - ₹ 9.03 Crore Variable - ₹ 3.33 Crore Deferred - ₹ 2.05 Crore (Cash – ₹ 0.28 Crore Share-linked instruments - Fair Value of 448,800 Options granted during the year)
(e)	(i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments.	₹ 7.10 Crore	₹ 5.39 Crore
	(ii)	Total amount of reductions during the financial year due to ex- post explicit adjustments	-	-
	(iii)	Total amount of reductions during the financial year due to ex- post implicit adjustments.	-	-
(f)		Number of MRTs identified.	10	8

Particulars			March 31, 2025	March 31, 2024
(g)	(i)	Number of cases where malus has been exercised.	-	-
	(ii)	Number of cases where clawback has been exercised.	-	-
	(iii)	Number of cases where both malus and claw back have been exercised.	-	-

Note : Only the stock Options granted after April 01, 2021, i.e. after including Stock Options as a part of Variable Pay as per the revised criteria given by RBI in its guidelines dated November 04, 2019 are included.

[#] Includes terminal benefits paid on retirement.

iii) General Quantitative Disclosure

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024
(i) The mean pay for the Bank as a whole (excluding sub-staff) *	0.18[#]	0.13
(ii) The deviation of the pay of each of its WTDs from the mean pay.		
• Mr. Shyam Srinivasan, Managing Director & CEO (Ceased to be WTD on September 22, 2024)	5.36[$]	2.86
• Mr. Krishnan Venkat Subramanian, Managing Director & CEO (Appointed as WTD on September 23, 2024)	1.66	-
• Ms. Shalini Warrier, Executive Director	1.39	1.15
• Mr. Harsh Dugar, Executive Director	1.39	0.76
• Mr. Ashutosh Khajuria, Executive Director (Ceased to be WTD on April 30, 2023)	-	0.07

*Mean pay is computed on annual fixed pay that includes basic salary, other allowances, and performance linked incentive / ex-gratia paid to the employees along with the value of perquisites

[#] Mean pay includes arears of ₹ 0.02 Crore paid during the year under the 12th Bipartite Settlement

$ Includes terminal benefits paid on retirement

iv) Remuneration (including sitting fees, fixed remuneration and honorarium) paid to non-executive directors during the year is ₹ 5.24 Crore (previous year ₹ 4.70 Crore)

1.12. Other Disclosures

1.12.1. The Key business ratios and other information:

Particulars		March 31, 2025	March 31, 2024
(i)	Interest Income as a percentage to Working Funds* (%)	8.02	7.86
(ii)	Non-interest income as a percentage to Working Funds* (%)	1.16	1.09
(iii)	Cost of Deposits (%)	5.90	5.63
(iv)	Net Interest Margin (%) **	3.13	3.20
(v)	Operating Profit[$] as a percentage to Working Funds* (%)	1.86	1.83
(vi)	Return on Assets [Based on Average Working Fund] *(%)	1.23	1.32
(vii)	Business (Deposits less inter-bank deposits plus advances) per employee (Amount in ₹ Crore) ***	32.74	31.92
(viii)	Profit per employee (Amount in ₹ Crore) ***	0.26	0.26

* Working Funds represent average of total assets as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949 during the year.

** Net Interest Income / Average Earning Assets. (Net Interest Income = Interest Income – Interest Expense).

*** Productivity ratios are based on average number of employees for the year.

$ Operating profit represents total income as reduced by interest expended and operating expenses.

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SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

1.12.2. Bancassurance Business

Details of income earned from Bancassurance business:

(Amount in ₹ Crore)

Sl. No	Nature of Income	March 31, 2025	March 31, 2024
1	For selling life insurance policies	188.86	127.03
2	For selling non-life insurance policies	43.97	40.58
	Total	**232.83**	**167.61**

1.12.3. Marketing and distribution (excluding Bancassurance Business)

Details of income earned from marketing and distribution business:

(Amount in ₹ Crore)

Sl. No	Nature of Income	March 31, 2025	March 31, 2024
1	For Wealth Management Services	26.60	20.29
2	Others - Etrade/PIS/SGB/NPS/ASBA/DP	9.12	13.08
	Total	**35.72**	**33.37**

1.12.4 Priority Sector Lending Certificates (PSLC)

As per RBI Circular FIDD.CO.Plan.BC.23/04.09.01/2015-16 dated April 07, 2016 the PSLCs purchased and sold is given below:

(Amount in ₹ Crore)

Particulars	March 31, 2025		March 31, 2024	
	Purchased (Face value)	Sold (Face value)	Purchased (Face value)	Sold (Face value)
PSLC – Agriculture	-	575.00	-	1,925.00
PSLC – Micro Enterprises	4,000.00	-	1,500.00	-
PSLC – General	-	-	-	1,000.00
PSLC – Small & Marginal Farmers	601.00	5,150.00	-	2,467.50

1.12.5. Provisions and Contingencies recognised in the Profit and Loss Account include:

(Amount in ₹ Crore)

Provision debited to Profit and Loss Account	Year ended March 31, 2025	Year ended March 31,2024
i) Provision towards Non-Performing Assets	804.06	401.15
ii) Provision for Investments	(14.99)	1.26
iii) Provision for Standard Assets	(46.00)	(202.00)
iv) Provision for Taxation@	1,316.18	1,257.78
v) Provision towards other contingencies	(10.00)	(4.30)
Total	**2,049.25**	**1,453.89**

@Amount of Provisions made for income-tax during the year

(Amount in ₹ Crore)

Particulars	Year ended March 31, 2025	Year ended March 31,2024
Provision for Income tax		
a) Current tax	1,285.09	1,148.76
b) Deferred tax	31.09	109.02
Total	**1,316.18**	**1,257.78**

1.12.6. Implementation of IFRS converged Indian Accounting Standards (Ind AS)

The Ministry of Corporate Affairs (MCA), Government of India notified the Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015. Further, a press release dated January 18, 2016, was issued by the MCA outlining the roadmap for implementation of IFRS converged Ind AS for banks. This roadmap required banks to prepare Ind AS based standalone & consolidated financial statements for the accounting periods beginning April 01, 2018 onwards, with comparatives for the periods ending March 31, 2018 or thereafter. RBI, through its notification dated February 11, 2016, required all scheduled commercial banks to comply with Ind AS for financial statements from the stated periods and also stated that early adoption of Ind AS is not permitted.

The implementation of Ind AS by banks requires certain legislative amendments to make the format of financial statements, prescribed in the Third Schedule to Banking Regulation Act, 1949, compatible with accounts under Ind AS. Considering the amendments needed to the Banking Regulation Act, 1949, as well as the level of preparedness of several banks, RBI, through its Statement on Developmental and Regulatory Policies dated April 05, 2018, had deferred the implementation of Ind AS by a year.

The legislative amendments recommended by the Reserve Bank are under consideration of the Government of India. Accordingly, RBI through its notification dated March 22, 2019 deferred the implementation of Ind AS till further notice.

Even though RBI has deferred the implementation, the Bank is gearing itself to bring the necessary systems and processes in place to facilitate the Proforma submission to RBI and seamless transition to Ind AS. With respect to the various instructions from the Ministry of Corporate Affairs and Reserve Bank of India (RBI), the actions taken by the Bank are summarized as follows:

- A steering committee was formed by MD & CEO with ED as its Chairman with members from all cross-functional departments. The Committee oversees the progress of Ind AS implementation in the Bank and provides guidance on critical aspects of the implementation such as Ind AS technical requirements, systems and processes, business impact, people and project management.
- The implementation of IT solution procured to automate the computation of Expected Credit Losses (ECL), Effective Interest Rate, Fair valuation and other accounting changes required under Ind AS is completed and Bank is generating extracts from the system on a half yearly basis.
- The Bank is now in the process of implementing the other assessed changes required in existing IT architecture and other processes to enable smooth transition to Ind AS.
- The Bank is continuing to submit the quarterly progress report on the status of Ind AS implementation to the Audit Committee of the Board.
- The Bank is submitting half yearly Proforma Ind AS financial statements to the RBI within the stipulated timeline.
- Training to the employees is imparted in a phased manner.

The key impact areas during the implementation of Ind AS for the Bank include effective interest rate accounting, fair valuation inputs, methodologies and assumptions, specific valuation considerations in many instruments, expected credit losses, employee stock options and implementation of technology systems.

1.12.7. Payment of DICGC Insurance Premium

(Amount in ₹ Crore)

Sl. No	Particulars	March 31, 2025	March 31, 2024
i)	Payment of DICGC Insurance Premium	308.32	265.25
ii)	Arrears in payment of DICGC premium	-	-

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SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

1.12.8. Letter of Comfort

The Bank has not issued any letters of comfort (LoC) on behalf of its subsidiaries during the years ended March 31, 2025 and March 31, 2024.

1.12.9. Income and Expenses exceeding one percentage of the Total Income

Details of items under "Other expenditure" in Schedule 16 – Operating Expenses & "Miscellaneous income" in Schedule 14 – Operating Income exceeding 1% of total income of the Bank are given below:

(Amount in ₹ Crore)

Sl. No	Nature	Description	March 31, 2025	March 31, 2024
i)	Other Expense	Service Charge payment to various service providers	873.15	655.68
ii)	Other Expense	Channel transaction expense to card networks	425.66	387.95

1.12.10. Assets and Liabilities exceeding one percentage of the Total Asset

Details of items under "Others (including provisions)" in Schedule 5 – Other Liabilities and provisions & "Others" in Schedule 11 – Other Assets exceeding 1% of total assets of the Bank are given below:

(Amount in ₹ Crore)

Sl. No	Nature	Description	March 31, 2025	March 31, 2024
i)	Other Assets	Priority sector shortfall deposits	8,457.46	11,234.48

1.12.11. Portfolio-level information on the use of funds raised from green deposits

Bank has not accepted any Green Deposits under Framework for acceptance of Green Deposits issued by RBI.

2. Disclosure requirements as per Accounting Standards where RBI has issued guidelines in respect of disclosure items for 'Notes to Accounts'

2.1. Employee Benefits (AS 15)

a) Defined Contribution Plan

Provident Fund

Employees who have not opted for pension plan are eligible to get benefits from provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid on retirement, death, incapacitation or termination of employment. Both the employee and the Bank contribute a specified percentage of the salary to the Federal Bank (Employees') Provident Fund Trust. The Bank has no obligation other than the monthly contribution.

During the year, the Bank has recognised ₹ 1.15 Crore (previous year: ₹ 0.69 Crore) for provident fund contribution in the Profit and Loss Account.

National Pension System

As per the industry level settlement dated April 27, 2010, a Defined Contributory Pension Scheme (DCPS) in line with the National Pension System (introduced for employees of Central Government) was implemented and employees who are covered under National Pension System are not eligible for the existing pension scheme. Employee shall contribute 10% of their Basic Pay and Dearness Allowance towards DCPS and the Bank shall contribute 14% of the Basic Pay and Dearness Allowance towards DCPS. There is no separate Provident Fund for employees covered under National Pension System.

During the year, the Bank has recognised ₹ 137.66 Crore (previous year: ₹ 101.45 Crore) for DCPS contribution in the Profit and Loss Account.

b) Defined Benefit Plan

Gratuity

The Bank provides for Gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering the eligible employees. The Gratuity Plan provides a lump sum payment to vested employees on retirement, death, incapacitation or termination of employment, of an amount based on the respective employees' salary and the tenure of employment. Vesting occurs upon completion of 4 years and 240 days of service as per Payment of Gratuity Act, 1972 and its amendment with effect from March 29, 2018 or as per the provisions of the Federal Bank Employees' Gratuity Trust Fund Rules / Bi-partite Award provisions. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as on the Balance Sheet date, based upon which, the Bank contributes all the ascertained liabilities to the Federal Bank Employees' Gratuity Trust Fund (the "Trust"). Trustees administer contributions made to the Trust and contributions are invested in specific investments as permitted by law.

Superannuation / Pension

The Bank provides for monthly pension, a defined benefit retirement plan (the "pension plan") covering eligible employees. The pension plan provides a monthly pension after retirement of the employees till death and to the family after the death of the pensioner. The monthly pension is based on the respective employees' salary and the tenure of employment. Vesting occurs upon completion of ten years of service. Liabilities with regard to the pension plan are determined by actuarial valuation as on the Balance Sheet date, based upon which, the Bank contributes all the ascertained liabilities to the Federal Bank (Employees') Pension Fund Trust (the "Trust"). Trustees administer contributions made to the Trust and contributions are invested in specific investments as permitted by law.

The following table as furnished by actuary sets out the funded status of gratuity / pension plan and the amount recognised in the Bank's Financial Statements for the years indicated:

i) Change in benefit obligations:

(Amount in ₹ Crore)

Particulars	Gratuity Plan		Pension Plan	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Projected benefit obligation at the beginning of the year	608.30	440.73	1,851.25	1,701.56
Current Service Cost	45.04	38.38	371.64	426.23
Interest cost	40.77	30.20	117.47	112.06
Actuarial (gain)/ loss	25.80	144.88	(44.49)	(89.83)
Benefits paid	(55.16)	(45.89)	(252.49)	(298.77)
Projected benefit obligation at the end of the year	**664.75**	**608.30**	**2,043.38**	**1,851.25**

ii) Change in plan assets:

(Amount in ₹ Crore)

Particulars	Gratuity Plan		Pension Plan	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Plan assets at the beginning of the year at fair value	474.06	464.10	1,751.15	1,697.14
Expected return on plan assets	33.28	33.55	119.25	122.53
Actuarial gain/(loss)	13.62	1.41	28.12	7.50
Employer's Contributions	206.59	20.89	416.86	222.75
Benefits paid	(55.16)	(45.89)	(252.49)	(298.77)
Plan assets at the end of the year at fair value	**672.39**	**474.06**	**2,062.89**	**1,751.15**

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SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

iii) Reconciliation of present value of the obligation and the fair value of the plan assets:

(Amount in ₹ Crore)

Particulars	Gratuity Plan		Pension Plan	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Fair value of plan assets at the end of the year	672.39	474.06	2,062.89	1,751.15
Present value of the defined benefit obligations at the end of the year	664.75	608.30	2,043.38	1,851.25
Liability/ (Asset) recognised in the Balance Sheet	**(7.64)**	**134.24**	**(19.51)**	**100.10**

iv) Gratuity/ pension cost

(Amount in ₹ Crore)

Particulars	Gratuity Plan		Pension Plan	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Current Service cost	45.04	38.38	371.64	426.23
Interest cost	40.77	30.20	117.47	112.06
Expected return on plan assets	(33.28)	(33.55)	(119.25)	(122.53)
Actuarial (gain)/loss	12.18	143.47	(72.61)	(97.33)
Net Cost	64.71	178.50	297.25	318.43
Other direct contributions to the Fund	-	-	-	(0.10)
Net cost Debit to Profit and Loss Account	64.71	178.50	297.25	318.33
Actual return on plan assets*	46.90	34.96	147.37	130.04

* - Figures taken from Audited Financial Statements of respective trusts.

v) Investment details of plan Assets*

(Amount in ₹ Crore)

Particulars	Gratuity Plan		Pension Plan	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Central and state Government bonds	-	-	-	-
Other debt securities	-	-	-	-
Balance in Saving bank account with the Bank	3.90	1.49	25.61	1.87
Net current assets	-	-	-	-
Balance with LIC #	668.49	472.57	2,037.27	1,749.28
Total	**672.39**	**474.06**	**2,062.88**	**1,751.15**

* - Figures taken from Audited Financial statements of respective trusts.

In the absence of detailed information regarding plan assets which is funded with Life Insurance Corporation of India (LIC), the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

vi) Experience adjustments

i) Gratuity Plan

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020
Defined Benefit Obligations	664.75	608.30	440.73	451.29	467.81	374.63
Plan Assets	672.39	474.06	464.10	493.78	469.49	369.30
Surplus/(Deficit)	7.64	(134.24)	23.37	42.49	1.68	(5.33)
Experience adjustments on Plan Liabilities [(Gain) / Loss]	4.28	119.72	2.78	8.09	(89.21)	(10.09)
Experience Adjustments on Plan Assets [Gain / (Loss)]	15.03	2.71	4.11	(7.67)	7.20	3.29

ii) Pension Plan

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020
Defined Benefit Obligations	2,043.38	1,851.25	1,701.56	1,747.94	1,486.28	1,197.98
Plan Assets	2,062.89	1,751.15	1,697.14	1,803.99	1,494.71	1,129.93
Surplus/ (Deficit)	19.51	(100.10)	(4.42)	56.05	8.43	(68.05)
Experience adjustments on Plan Liabilities [(Gain) / Loss]	(114.84)	(132.83)	(128.95)	(342.70)	(327.78)	(95.10)
Experience Adjustments on Plan Assets [Gain / (Loss)]	36.58	12.25	13.25	(0.49)	13.79	7.54

vii) Assumptions

Particulars	Gratuity Plan		Pension Plan	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Discount rate	7.02%	7.23%	6.81%	7.22%
Annuity rate per Rupee (in ₹)	-	-	133.49	134.11
Salary escalation rate	5.00%	5.00%	5.00%	5.00%
Estimated rate of return on plan assets	7.02%	7.23%	6.81%	7.22%
Attrition Rate	2.00%	2.00%	1.00%	1.00%
Mortality Table	IIAM 2012-15 Ultimate	IALM 2012-14 Ultimate	IIAM 2012-15 Ultimate	IALM 2012-14 Ultimate

The estimates of future salary increase considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

As the contribution expected to be paid to the defined benefit plans during the annual period beginning after the balance sheet date is based on various internal / external factors, a best estimate of the contribution is not determinable.

The above information except otherwise stated is as certified by the actuary and relied upon by the auditors.

(c) Leave Encashment/ Sick Leave / Leave Travel Concession / Unavailed Casual Leave

The employees of the Bank are entitled to compensated absence. The employees can carry forward a portion of the unutilised accrued compensated absence and utilise it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence for a maximum of 255 days. The Bank records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Bank measures the expected cost of compensated absence as the additional amount that the Bank expects to pay as a result of the unutilised entitlement that has accumulated at the balance sheet date based on actuarial valuations.

A sum of ₹ 99.92 Crore (previous year ₹ 144.63 Crore) has been provided towards the above liabilities in accordance with AS 15 based on actuarial valuation.

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SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

The actuarial liability of compensated absences of accumulated privilege, sick, casual leave and leave travel concession of the employees of the Bank is given below:

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024
Privilege leave	603.22	513.17
Sick leave	44.97	39.96
Leave travel concession	55.52	51.27
Casual leave	3.74	3.13
Total actuarial liability	**707.45**	**607.53**
Assumptions		
Discount rate	7.02%	7.23%
Salary escalation rate	5.00%	5.00%
Attrition rate	2.00%	2.00%

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

2.2. Segment Reporting (AS 17)

A. Business Segments

Business of the Bank is divided into four segments viz. Treasury, Corporate or Wholesale Banking, Retail Banking and Other Banking Operations. The principal activities of these segments and income and expenses structure are as follows:

Treasury

Treasury operations include trading and investments in Government Securities and corporate debt instruments, equity and mutual funds, derivative trading and foreign exchange operations on proprietary account and for customers.

The income of this segment primarily consists of earnings in the form of interest from the investment portfolio of the Bank, gains, losses, margins and fee/charges on trading and foreign exchange operations. The principal expense of the segment consists of interest expense on funds borrowed/utilized and other allocated overheads. Provisions allocated to the segment consist of diminution in the value of non-performing portfolio of the segment.

Corporate/Wholesale Banking:

The segment consists of lending of funds, acceptance of deposits and other banking services to corporates, trusts, partnership firms, statutory bodies which are not considered under retail banking segment.

Revenue of this segment consists of interest earned, charges /fees from loans and other banking services rendered to such customers. The principal expenses of the segment consist of interest expenses on funds utilized and other expenses allocated as per the approved methodology. Provisions allocated to the segment include the loan loss provision and standard asset provision created for the portfolio under the segment.

Retail banking:

Retail banking constitutes lending of funds, acceptance of deposits and other banking services to any legal person including small business customers, on the basis of the status of the borrower, nature of the product, granularity of the exposure and quantum thereof.

Revenue of this segment consists of interest earned, charges /fees from loans and other banking services rendered to such customers. The principal expenses of the segment consist of interest expenses on funds utilized and other expenses allocated as per the approved methodology. Provisions allocated to the segment includes the loan loss provision and standard asset provision created for the portfolio under the segment.

Digital Banking Business is separately reported as a sub-segment under Retail Banking Segment as per the RBI guideline. The Sub Segment includes the businesses involving digital banking products acquired by the Digital Banking Unit together with the existing digital banking products.

Other Banking Operations

This segment includes banking operations, not covered under any of the above segments such as para banking operations. The income from such services and associated costs are disclosed in this segment.

Unallocated

All items that are reckoned at enterprise level and cannot be allocated to reportable segments are included in unallocated portion. These mainly includes provision for tax (net of advance tax), deferred tax asset/liability, cash and balances in other bank current accounts, etc. Unallocated segment revenue consists of profit on sale of fixed assets, notice pay on resignation of employees etc.

The following table sets forth, for the years indicated, the business segment results:

March 31, 2025:

(Amount in ₹ Crore)

Business Segments	Treasury	Corporate/ Wholesale Banking	Retail Banking#	Other Banking Operations	Total
1. Revenue	4,549.63	8,442.19	16,899.68	268.54	30,160.04
2. Unallocated revenue					6.46
3. Inter Segment Revenue					-
4. Income from operations (1+2-3)					30,166.50
5. Result (net of provisions)	819.45	1,873.60	2,440.30	228.26	5,361.61
6. Unallocated Income / (expense)					6.46
7. Operating profit (PBT) (5+6)					5,368.07
8. Income taxes					1,316.18
9. Extraordinary profit/ (loss)	-	-	-	-	-
10. Net Profit (7-8+9)					4,051.89
OTHER INFORMATION					
11. Segment Assets	79,495.44	125,144.73	137,555.04	-	342,195.21
12. Unallocated assets					6,809.59
13. Total assets (11+12)					349,004.80
14. Segment liabilities	35,764.74	44,682.99	230,660.38	-	311,108.11
15. Unallocated liabilities					4,476.07
16. Total liabilities (14+15)					315,584.18

Sub segments included in retail banking are as follows:

(Amount in ₹ Crore)

Sub Segment	Revenue	Result (net of provision)	Segment Assets	Segment liabilities
Digital Banking	1,857.27	(111.14)	7,192.33	19,351.21
Other Retail Banking	15,042.41	2,551.44	130,362.71	211,309.17

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SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

March 31, 2024:

(Amount in ₹ Crore)

Business Segments	Treasury	Corporate/ Wholesale Banking	Retail Banking#	Other Banking Operations	Total
1. Revenue	3,533.36	7,215.36	14,312.46	200.71	25,261.89
2. Unallocated revenue					5.63
3. Inter Segment Revenue					-
4. Income from operations (1+2-3)					25,267.52
5. Result (net of provisions)	565.72	1,621.57	2,614.86	170.60	4,972.75
6. Unallocated Income / (expense)					5.63
7. Operating profit (PBT) (5+6)					4,978.38
8. Income taxes					1,257.78
9. Extraordinary profit/ (loss)	-	-	-	-	-
10. Net Profit (7-8+9)					3,720.60
OTHER INFORMATION					
11. Segment Assets	63,096.35	111,573.72	125,559.59	-	300,229.66
12. Unallocated assets					8,082.14
13. Total assets (11+12)					308,311.80
14. Segment liabilities	28,804.92	32,026.46	213,106.63	-	273,938.01
15. Unallocated liabilities					5,279.37
16. Total liabilities (14+15)					279,217.38

Sub segments included in retail banking are as follows:

(Amount in ₹ Crore)

Sub Segment	Revenue	Result (net of provision)	Segment Assets	Segment liabilities
Digital Banking	1,501.03	225.59	6,812.96	16,263.28
Other Retail Banking	12,811.43	2,389.27	118,746.63	196,843.35

B. Geographical Segment Information

The Business operations of the Bank are largely concentrated in India and for purpose of Segment reporting, the Bank considered to operate only in domestic segment, though the Bank has its operation in International Financial Services Centre (IFSC) Banking Unit in Gujarat International Finance Tec-City (GIFT City). The business conducted from the same is considered as a part of Indian operations.

Segment information is provided as per the MIS available for internal reporting purposes, which include certain estimates/ assumptions. The methodology adopted in compiling and reporting the above information has been relied upon by the auditors.

2.3. Related Party Disclosures (AS 18)

a) Details of Related Parties:

Subsidiaries, associates/joint ventures/other related entities

Name of the entity	Nature of Relationship
Fedbank Financial Services Limited	Subsidiary
Federal Operations and Services Limited	Subsidiary
Ageas Federal Life Insurance Company Limited	Associate
Equirus Capital Private Limited (*Ceased to be an Associate on November 15, 2024*)	Associate
Federal Bank Hormis Memorial Foundation	Other related entity
Simpack Packaging Private Limited	Other related entity
Manians Family Trust (*with effect from September 23, 2024*)	Other related entity
Manians Family Trust II (*with effect from September 23, 2024*)	Other related entity

Key Management Personnel (KMP)

Name of the Key Management personnel	Relatives of the Key Management Personnel	Description of Relationships
Mr. Shyam Srinivasan, Managing Director & CEO (*Ceased to be MD & CEO as on September 22, 2024*)	• Mr. T S Srinivasan	• Father
	• Ms. Kamala Srinivasan	• Mother
	• Ms. Maya Shyam	• Spouse
	• Ms. Meena Lochani	• Sister
	• Ms. Rohini Srinivasan	• Sister
Mr. Krishnan Venkat Subramanian, Managing Director & CEO (*Appointed on September 23, 2024*)	• Ms. Seetha Krishnan	• Mother
	• Ms. Vanathi Gopalakrishnan	• Spouse
	• Mr. Shashank Manian	• Son
	• Ms. Shruti Manian	• Daughter
	• Mr. Anand Krishnan	• Brother
	• Mr. Ramesh Krishnan	• Brother
	• Ms. Lalitha Mohan	• Sister
Ms. Shalini Warrier, Executive Director	• Ms. Parvathi Warrier	• Mother
	• Ms. Asha Warrier	• Sister
Mr. Harsh Dugar Executive Director	• Mr. Umed Mal Dugar	• Father
	• Ms. Saroj Devi Dugar	• Mother
	• Mr. Siddhartha Dugar	• Brother
	• Ms. Shilpa Pagaria	• Sister
	• Ms. Ektaa Dugar	• Spouse
	• Ms. Tarasha Dugar	• Daughter
	• Ms. Anaika Dugar	• Daughter

b) Related Party transactions

Transactions with related parties for the year ended March 31, 2025:

(Amount in ₹ Crore)

Items/Related Party	Subsidiaries	Associates	KMP	Relatives of KMP	Other related entities	Total
Interest paid	0.02	*	0.36	0.31	0.08	0.77
Interest received	108.02	0.01	0.03	0.10	-	108.16
Income from services rendered	4.69	157.05	*	*	-	161.74
Expenses for receiving services	136.23	0.06	-	-	-	136.29
Leasing arrangements provided	0.16	-	-	-	-	0.16
Leasing arrangements availed	2.10	-	-	-	-	2.10
Directors sitting fee received	-	0.38	-	-	-	0.38
Remuneration paid	-	-	10.35	-	-	10.35
Dividend received	0.43	22.26	-	-	-	22.69
Dividend paid	-	-	0.40	*	-	0.40
CSR related expenses	-	-	-	-	63.37	63.37
Purchase of Financial assets	183.46	-	-	-	-	183.46
Share issue proceeds received on exercise of ESOS	-	-	10.27	-	-	10.27
Number of options granted under ESOS	-	-	1,727,500	-	-	1,727,500

* Denotes figures less than ₹ 1 Lakh.

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SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

Balances outstanding of the related parties of the Bank as on March 31, 2025:

Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each month end.

(Amount in ₹ Crore)

Items/Related Party	Subsidiaries	Associates	KMP	Relatives of KMP	Other related entities	Total
Deposits	155.94	102.62	2.52	15.47	1.80	278.35
	(157.11)	(106.53)	(11.30)	(23.44)	(3.72)	(302.10)
Advances	1,090.83	-	1.12	-	-	1,091.95
	(1,123.89)	(0.99)	(1.15)	(1.71)	-	(1,127.74)
Investments in Shares	449.92	208.00	-	-	-	657.92
	(449.92)	(232.01)	-	-	-	(681.93)
Investments in Non-Convertible Debentures	234.70	-	-	-	-	234.70
	(234.70)	-	-	-	-	(234.70)
Investment in Shares of the Bank (at Face Value terms)			0.51	*	0.19	0.70
			(0.51)	*	(0.19)	(0.70)
Receivable	4.89	18.96	-	-	-	23.85
	(6.06)	(39.36)	-	-	-	(45.42)
Payable	9.18	-	-	-	-	9.18
	(27.57)	-	-	-	-	(27.57)
Number of options outstanding under ESOS.	-	-	3,895,200	-	-	3,895,200

* Denotes figures less than ₹ 1 Lakh.

Transactions with related parties for the year ended March 31, 2024:

(Amount in ₹ Crore)

Items/Related Party	Subsidiaries	Associates	KMP	Relatives of KMP	Total
Interest paid	0.32	*	0.48	0.27	1.07
Interest received	72.61	0.03	0.04	0.12	72.80
Income from services rendered	5.95	127.24	-	-	133.19
Expenses for receiving services	113.15	0.51	-	-	113.66
Leasing arrangements provided	*	-	-	-	*
Leasing arrangements availed	1.90	-	-	-	1.90
Directors sitting fee received	-	0.36	-	-	0.36
Remuneration paid	-	-	5.22	-	5.22
Dividend received	0.43	16.16	-	-	16.59
Dividend paid	-	-	0.18	*	0.18
Purchase of Financial assets	272.00	-	-	-	272.00
Share issue proceeds received on exercise of ESOS	-	-	14.78	-	14.78
Number of options granted under ESOS	-	-	175,800	-	175,800

* Denotes figures less than ₹ 1 Lakh.

In accordance with RBI guidelines, details pertaining to the related party transactions have not been provided where there is only one related party in a category.

Balances outstanding of the related parties of the Bank as on March 31, 2024:

Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each month end.

(Amount in ₹ Crore)

Items/Related Party	Subsidiaries	Associates	KMP	Relatives of KMP	Total
Deposits	87.87	75.75	6.84	4.36	174.82
	(616.18)	(75.75)	(10.33)	(5.39)	(707.65)
Advances	796.61	-	1.29	1.46	799.36
	(796.61)	(4.73)	(1.35)	(1.54)	(804.23)
Investments in shares	449.92	232.01	-	-	681.93
	(465.80)	(232.01)	-	-	(697.81)
Investments in Non-Convertible Debentures	234.70	-	-	-	234.70
	(234.70)	-	-	-	(234.70)
Investment in Shares of the Bank (at Face Value terms)	-	-	0.51	*	0.51
	-	-	(0.51)	*	(0.51)
Receivable	1.50	15.78	-	-	17.28
	(2.68)	(45.28)	-	-	(47.96)
Payable	12.34	-	-	-	12.34
	(16.79)	-	-	-	(16.79)
Number of options outstanding under ESOS.	-	-	3,874,200	-	3,874,200

* Denotes figures less than ₹ 1 Lakh.

Significant Related Party Transactions

The significant transactions between the Bank and the related parties for the year ended March 31, 2025 and March 31, 2024 are given below. A specified related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of the aggregate value of all related party transactions in that category:

(Amount in ₹ Crore)

Nature of Transaction	Name of the Related party	March 31, 2025	March 31, 2024
Interest paid	Mr. Shyam Srinivasan	0.19	0.35
	Ms. Shalini Warrier	0.15	0.11
	Mr. Umed Mal Dugar	0.10	*@
	Fedbank Financial Services Limited	*#	0.26
Interest received	Fedbank Financial Services Limited	108.02	72.61
Income from services rendered	Ageas Federal Life Insurance Company Limited	157.00	127.22
Expenses for receiving services	Fedbank Financial Services Limited	33.37	36.68
	Federal Operations and Services Limited	102.86	76.47
Leasing arrangements availed	Federal Operations and Services Limited	2.10	1.90
Leasing arrangements provided	Federal Operations and Services Limited	0.16	*
Receivable	Ageas Federal Life Insurance Company Limited	18.96	15.78
	Fedbank Financial Services Limited	4.48	1.09@
Payable	Fedbank Financial Services Limited	0.03#	4.22
	Federal Operations and Services Limited	9.15	8.12
Directors sitting fee received	Ageas Federal Life Insurance Company Limited	0.38	0.36
Remuneration paid	Mr. Shyam Srinivasan	5.45	2.99
	Mr. Krishnan Venkat Subramanian	1.76	NA
	Mr. Harsh Dugar	1.57	0.86
	Ms. Shalini Warrier	1.57	1.28
Dividend received	Ageas Federal Life Insurance Company Limited	22.26	14.82
Dividend paid	Mr. Shyam Srinivasan	0.13#	0.08
	Mr. Harsh Dugar	0.11	0.02
	Ms. Shalini Warrier	0.16	0.03
	Mr. Ashutosh Khajuria	NA	0.06

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SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

(Amount in ₹ Crore)

Nature of Transaction	Name of the Related party	March 31, 2025	March 31, 2024
Purchase of Financial assets	Fedbank Financial Services Limited	183.46	272.00
CSR related expenses	Federal Bank Hormis Memorial Foundation	63.37	59.23
Share issue proceeds received on exercise of ESOS	Mr. Ashutosh Khajuria	NA	3.51
	Mr. Shyam Srinivasan	-#	1.99
	Mr. Harsh Dugar	4.69	3.48
	Ms. Shalini Warrier	5.58	5.81
Number of options granted under ESOS	Mr. Krishnan Venkat Subramanian	1,600,000	NA
	Mr. Harsh Dugar	63,000	85,000
	Ms. Shalini Warrier	64,500	90,800

@Not a significant related party transaction in FY 2023-24

Not a significant related party transaction in FY 2024-25

* Denotes figures less than ₹ 1 Lakh.

NA - Not a related party during the year

2.4. Deferred Tax Assets / Liability (AS 22)

The major components of deferred tax assets and deferred tax liabilities are as under:

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024
Deferred Tax Liability		
Tax effect of items constituting deferred tax liability:		
(i) Interest accrued but not due	239.05	242.82
(ii) Depreciation on Investments	2.97	3.37
(iii) Depreciation on Fixed assets	7.49	6.39
(iv) Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961	332.55	283.31
(v) Investment revalued as per RBI guidelines tranferred to AFS reserve	76.03	-
(vi) Investment revalued as per RBI guidelines transferred to/from the General Reserve	29.46	-
(vii) Others	8.55	7.64
Total - (A)	**696.10**	**543.53**
Deferred Tax Asset		
Tax effect of items constituting deferred tax assets:		
(i) Interest/premium paid on purchase of securities	0.19	0.36
(ii) Provision for Standard Assets	302.12	313.70
(iii) Others	223.65	201.76
Total - (B)	**525.96**	**515.82**
Net Deferred tax liability/ (Asset) (A-B)	**170.14**	**27.71**

3. Other Disclosures

3.1 Earnings Per Share (AS 20)

Basic and diluted earnings per equity share of the Bank have been computed in accordance with AS 20 – Earnings Per Share. Basic earnings per equity share has been computed by dividing net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share has been computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of shares outstanding during the period adjusted for the effect of all dilutive potential equity shares outstanding during the period. The dilutive impact is on account of stock options granted to employees by the Bank.

The following table sets forth, for the years indicated, the computation of earnings per share.

Particulars	March 31, 2025	March 31, 2024
Earnings used in the computation of basic and diluted earnings per share (Net profit after tax) (₹ in Crore)	4,051.89	3,720.60
Basic earnings per share (in ₹)	16.54	16.07
Effect of potential equity shares (in ₹)	(0.17)	(0.20)
Diluted earnings per share (in ₹)	16.37	15.87
Nominal value per share (in ₹)	2.00	2.00
Reconciliation between weighted average number of equity shares used in computation of basic and diluted earnings per share		
Basic weighted average number of equity shares outstanding (in Crore)	244.95	231.58
Add: Effect of potential number of equity shares for stock options outstanding (in Crore)	2.62	2.88
Diluted weighted average number of equity shares outstanding (in Crore)	247.57	234.46

3.2 Share Capital

A. Equity Issue

During the year, the Bank has allotted 20,477,127 (previous year 15,991,113) equity shares consequent to exercise of ESOS vested. Accordingly, the share capital increased by ₹ 4.10 Crore (previous year ₹ 3.20 Crore) and share premium account increased by ₹ 161.23 Crore (previous year ₹ 143.73 Crore).

During the previous year, the Bank had issued 230,477,634 equity shares of ₹ 2 each for cash pursuant to a Qualified Institution Placement (QIP) as per the relevant provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 at ₹ 131.90 per share aggregating to ₹ 3,040.00 Crores (including share premium). This resulted in an increase of ₹ 46.10 Crores in share capital and ₹ 2,954.17 Crores (net of issue expenses) in share premium account.

During the previous year, Bank had issued 72,682,048 equity shares of ₹ 2 each for cash pursuant to a preferential allotment as per the relevant provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 at ₹ 131.91 per share aggregating to ₹ 958.75 Crore (including share premium). This resulted in an increase of ₹ 14.53 Crore in share capital and ₹ 943.62 Crore (net of share issue expenses) in share premium account.

B. Subscribed and paid up capital includes:

(i) 16,590 equity shares of ₹ 2 /- each (previous year 16,590 equity shares of ₹ 2/- each) issued for consideration other than cash.

(ii) 24,247,016 underlying equity shares of ₹ 2/- each (previous year 24,656,664 equity shares of ₹ 2/- each) held by custodian on behalf of holders of Global Depository Receipts (GDRs).

C. The following allotments are kept pending following Orders from various Courts:

(i) Allotment of 6,530 equity shares of ₹ 2 /- each (previous year 6,530 equity shares of ₹ 2/- each) pertaining to the Rights issue of 1993 issued at a premium of ₹ 5/- per share.

(ii) 262,100 equity shares of ₹ 2 /- each (previous year 262,100 equity shares of ₹ 2/- each) pertaining to the Rights issue of 1996 issued at a premium of ₹ 28 /- per share.

(iii) 1,056,665 equity shares of ₹ 2 /- each (previous year 1,056,665 equity shares of ₹ 2/- each) at a premium of ₹ 48/- per share pertaining to Rights issue of 2007.

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SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

Listing of shares and credit in demat account in respect of the following Bonus issues are kept in abeyance consequent to injunction orders from various Courts.

(i) 396,670 equity shares of ₹ 2/- each (previous year 396,670 equity shares of ₹ 2/- each) out of the Bonus issue of 2004 and

(ii) 597,005 equity shares of ₹ 2 /- each (previous year 597,005 equity shares of ₹ 2/- each) out of the Bonus issue of 2015.

D. Employee Stock Option Scheme (ESOS)

(i) Employee Stock Option Scheme 2010 (ESOS 2010)

Shareholders of the Bank had approved Employee Stock Option Scheme 2010 (ESOS 2010) through postal ballot, the result of which was announced on December 24, 2010, enabling the Board and/or the "Compensation Committee" to grant such number of equity shares, including options, of the Bank not exceeding 5% of the aggregate number of paid up equity shares of the Bank, in line with the guidelines of SEBI. The options granted will vest based on the status of the employee on the date of vesting, subject to the fulfilment of the performance criteria for the vesting. The exercise period would commence from the date of vesting and will expire on the completion of five years from the date of vesting of options.

Stock option activity under the Scheme for the year ended March 31, 2025 is set out below:

Particulars	No. of Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	5,897,550	53.70 - 125.25	122.09	7.21
Granted during the year*	2,314,750	162.40	162.40	7.65
Exercised during the year	235,000	53.70 - 112.35	71.05	-
Forfeited/lapsed during the year	103,500	125.25 - 162.40	130.63	-
Outstanding at the end of the year	7,873,800	75.00 - 162.40	135.35	6.83
Exercisable at the end of the year	160,000	75.00 - 112.35	88.34	0.60

Stock option activity under the Scheme for the year ended March 31, 2024 is set out below:

Particulars	No. of Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	1,559,870	53.70 - 112.35	67.76	0.97
Granted during the year**	5,529,550	125.25	125.25	7.66
Exercised during the year	1,139,220	53.70 - 112.35	64.33	-
Forfeited/lapsed during the year	52,650	62.00 - 125.25	94.44	-
Outstanding at the end of the year	5,897,550	53.70 - 125.25	122.09	7.21
Exercisable at the end of the year	395,000	53.70 - 112.35	78.05	0.97

* Details of options granted during the year ended March 31, 2025 are given below:

Date of grant	No. of options Granted	Grant price (₹ per option)
May 23, 2024	2,314,750	162.40

** Details of options granted during the year ended March 31, 2024 are given below:

Date of grant	No. of options Granted	Grant price (₹ per option)
May 27, 2023	5,529,550	125.25

As per SEBI guidelines and the Guidance Note on "Accounting for Share-based Payments" issued by the ICAI, the accounting for ESOS can be done either under the "Intrinsic value method" or "Fair value method". The Compensation Committee in their meeting dated May 10, 2012 decided to adopt "Intrinsic value method" for accounting of ESOS, in terms of the power vested on them as per the resolution of EGM dated December 24, 2010. Accordingly options under the scheme are accounted using the intrinsic value method except as stated otherwise#. No cost has been incurred by the Bank on ESOS issued to the employees of the Bank under the intrinsic value method during the year ended March 31, 2025 (previous year Nil).

In compliance with RBI guidelines, stock options granted to Whole Time Directors/Chief Executive Officer and Material Risk Takers after the year ended March 31, 2021 have been accounted using fair value method. Accordingly, under this scheme, the Bank has recognised ₹ 1.15 Crore as employee cost in the Profit and Loss Account during the year ended March 31, 2025 (previous year ₹ 0.45 Crore).

ii) Employee Stock Option Scheme 2017 (ESOS 2017)

Shareholders of the Bank had approved The Federal Bank Limited Employee Stock Option Scheme 2017 (ESOS 2017) in the AGM held on July 14, 2017, as a Special Resolution, enabling the Board and/or the "Compensation Committee" to grant such number of equity shares, including options, of the Bank not exceeding 5% of the aggregate number of paid up equity shares of the Bank, in line with the guidelines of SEBI. The options granted will vest based on the status of the employee on the date of vesting, subject to the fulfilment of the performance criteria for the vesting. The exercise period would commence from the date of vesting and will expire on the completion of five years from the date of vesting of options.

Stock option activity under the Scheme for the year ended March 31, 2025 is set out below:

Particulars	No. of Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	55,827,490	38.30 - 148.10	78.02	3.40
Granted during the year*	4,998,000	74.15 - 192.56	148.20	7.71
Exercised during the year	20,242,127	38.30 - 120.85	80.75	-
Forfeited/lapsed during the year	2,507,746	38.30 - 166.83	96.95	-
Outstanding at the end of the year	38,075,617	38.30 - 192.56	84.53	3.97
Exercisable at the end of the year	27,886,663	38.30 - 135.65	72.44	2.99

Stock option activity under the Scheme for the year ended March 31, 2024 is set out below:

Particulars	No. of Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	72,283,662	38.30 - 135.65	81.81	3.84
Granted during the year**	105,000	126.15 - 148.10	140.11	7.70
Exercised during the year	14,851,893	38.30 - 116.85	93.56	-
Forfeited/lapsed during the year	1,709,279	38.30 - 116.85	107.07	-
Outstanding at the end of the year	55,827,490	38.30 - 148.10	78.02	3.40
Exercisable at the end of the year	40,646,578	38.30 - 116.85	80.69	2.47

* Details of options granted during the year ended March 31, 2025 are given below:

Date of grant	No. of options Granted	Grant price (₹ per option)
September 11,2024	510,000	74.15
September 11,2024	852,000	111.22
September 11,2024	3,561,000	166.83
January 15, 2025	30,000	192.56
February 12, 2025	35,000	183.67
March 20, 2025	10,000	186.19

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SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

** Details of options granted during the year ended March 31, 2024 are given below:

Date of grant	No. of options Granted	Grant price (₹ per option)
May 20, 2023	25,000	126.15
July 05, 2023	5,000	132.00
August 29, 2023	50,000	143.90
November 18, 2023	25,000	148.10

As per SEBI guidelines and the Guidance Note on "Accounting for Share based payments" issued by the ICAI, the accounting for ESOS can be done either under the "Intrinsic value method" or "Fair value method". The Compensation Committee in their meeting dated May 10, 2012 decided to adopt "Intrinsic value method" for accounting of ESOS, in terms of the power vested on them as per the resolution of EGM dated December 24, 2010. Accordingly options under the scheme are accounted using the intrinsic value method except as stated otherwise[#]. Under the intrinsic value method, the Bank has recognised ₹ 3.41 Crore as employee cost in the Profit and Loss Account during the year ended March 31, 2025 (previous year Nil).

[#] In compliance with RBI guidelines, stock options granted to Whole Time Directors/Chief Executive Officer and Material Risk Takers after the year ended March 31, 2021 have been accounted using fair value method. Accordingly, under this scheme, the Bank has recognised ₹ 0.74 Crore as employee cost in the Profit and Loss Account during the year ended March 31, 2025 (previous year ₹ 1.06 Crore).

iii) Employee Stock Option Scheme 2023 (ESOS 2023)

Shareholders of the Bank had approved The Federal Bank Limited Employee Stock Option Scheme 2023 (ESOS 2023) in the AGM held on August 18, 2023, as a Special Resolution, enabling the Board and/or the "Compensation Committee" to grant such number of equity shares, including options, of the Bank not exceeding 0.71% of the aggregate number of paid up equity shares of the Bank, in line with the guidelines of SEBI. The options granted will vest based on the status of the employee on the date of vesting, subject to the fulfilment of the performance criteria for the vesting. The exercise period would commence from the date of vesting and will expire on the completion of five years from the date of vesting of options.

Stock option activity under the Scheme for the year ended March 31, 2025 is set out below:

Particulars	No. of Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year *	1,600,000	187.65	187.65	6.99
Exercised during the year	-	-	-	-
Forfeited/lapsed during the year	-	-	-	-
Outstanding at the end of the year	1,600,000	187.65	187.65	6.99
Exercisable at the end of the year	-	-	-	-

* Details of options granted during the year ended March 31, 2025 are given below:

Date of grant	No. of options Granted	Grant price (₹ per option)
September 24, 2024	1,600,000	187.65

During the previous year, no options were granted.

As per SEBI guidelines and the Guidance Note on "Accounting for Share based payments" issued by the ICAI, the accounting for ESOS can be done either under the "Intrinsic value method" or "Fair value method". The Compensation Committee in their meeting dated May 10, 2012 decided to adopt "Intrinsic value method" for accounting of ESOS, in terms of the power vested on them as per the resolution of EGM dated December 24, 2010. Accordingly options under the scheme are accounted using the intrinsic value method except as stated otherwise[#]. No cost has been incurred by the Bank on ESOS issued to the employees of the Bank under the intrinsic value method during the year ended March 31, 2025 (previous year Nil).

[#]In compliance with RBI guidelines, stock options granted to Whole Time Directors/Chief Executive Officer and Material Risk Takers after the year ended March 31, 2021 have been accounted using fair value method. Accordingly, under this scheme, the Bank has recognised ₹ 3.01 Crore as employee cost in the Profit and Loss Account during the year ended March 31, 2025 (previous year Nil).

iv) Employee Stock Incentive Scheme 2023 (ESIS 2023)

Shareholders of the Bank had approved The Federal Bank Limited Employee Stock Incentive Scheme 2023 (ESIS 2023) in the AGM held on August 18, 2023, as a Special Resolution, enabling the Board and/or the "Compensation Committee" to grant such number of equity shares, including options, of the Bank not exceeding 0.30% of the aggregate number of paid up equity shares of the Bank, in line with the guidelines of SEBI. The options granted will vest based on the status of the employee on the date of vesting, subject to the fulfilment of the performance criteria for the vesting. The exercise period would commence from the date of vesting and will expire on the completion of four years from the date of vesting of options.

Stock option activity under the Scheme for the year ended March 31, 2025 is set out below:

Particulars	No. of Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	25,000	2.00	2.00	5.69
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Forfeited/lapsed during the year	-	-	-	-
Outstanding at the end of the year	25,000	2.00	2.00	4.69
Exercisable at the end of the year	8,250	2.00	2.00	3.68

Stock option activity under the Scheme for the year ended March 31, 2024 is set out below:

Particulars	No. of Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year *	25,000	2.00	2.00	5.69
Exercised during the year	-	-	-	-
Forfeited/lapsed during the year	-	-	-	-
Outstanding at the end of the year	25,000	2.00	2.00	5.69
Exercisable at the end of the year	-	-	-	-

* Details of options granted during the year ended March 31, 2024 are given below:

Date of grant	No. of options Granted	Grant price (₹ per option)
December 04, 2023	25,000	2.00

As per SEBI guidelines and the Guidance Note on "Accounting for Share-based Payments" issued by the ICAI, the accounting for stock options can be done either under the "Intrinsic value method" or "Fair value method". As per the approval of shareholders, the Bank has adopted 'Fair value method' for accounting of stock options. Accordingly, the Bank has recognised ₹ 0.18 Crore as employee cost in the Profit and Loss Account during the year ended March 31, 2025 (previous year ₹ 0.07 Crore).

The options were exercised regularly throughout the year and weighted average share price as per National Stock Exchange price volume data during the year ended March 31, 2025 was ₹ 186.25 (previous year ₹ 142.02).

v) Effect of Fair value method of accounting ESOS & ESIS

If "Fair Value Method" had been adopted based on "Black-Scholes pricing model" for pricing and accounting of options which are presently accounted using "Intrinsic Value Method", net profit after tax would be lower by ₹ 15.02 Crore (previous year ₹ 14.27 Crore). The modified basic and diluted earnings per share for the year had the Bank followed Fair Value Method for accounting of options which are presently accounted using intrinsic value method would be ₹ 16.48 and ₹ 16.35 (previous year ₹ 16.00 and ₹ 15.82) respectively.

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Weighted average fair value of options granted during the years ended March 31, 2025 and March 31, 2024 are as follows:

Particulars	March 31, 2025	March 31, 2024
Weighted average fair value of options granted during the year (in ₹)	75.17	40.01

The fair value of the options is estimated on the date of the grant using the Black-Scholes pricing model, with the following assumptions:

Particulars	March 31, 2025	March 31, 2024
Dividend yield	0.6% - 2%	0.8% - 2%
Expected life (in years)	2.5 -6.75	2.5 -5
Risk free interest rate	5.00% - 8.50%	5.00% - 8.50%
Expected volatility	20% - 50%	20% - 50%
How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	Volatility is based on historical data over the expected life of the option.	Volatility is based on historical data over the expected life of the option.
The method used and the assumptions made to incorporate the effects of expected early exercise.	It is assumed that the options will be exercised within the exercise period.	It is assumed that the options will be exercised within the exercise period.
Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition	Stock price and risk free interest rate are variables based on actual market data at the time of valuation.	Stock price and risk free interest rate are variables based on actual market data at the time of valuation.

Note: The above information is certified by the actuary and relied upon by the auditors.

E. Dividend

The Board of Directors have recommended a final dividend of 60 % i.e. ₹ 1.20 per Equity Share on face value of ₹ 2 each for the year 2024-25 (previous year ₹ 1.20 per Equity Share) subject to the approval of the members at the ensuing Annual General Meeting.

In terms of Accounting Standard (AS) 4 "Contingencies and Events occurring after the Balance sheet date" the Bank has not appropriated proposed dividend aggregating to ₹ 294.70 Crore from the Profit and Loss Account for the year ended March 31, 2025. However, the effect of the proposed dividend has been reckoned in determining capital funds in the computation of Capital adequacy ratio.

During the year, the Bank paid a final dividend of ₹1.20 per equity share amounting ₹ 294.00 Crore pertaining to year ended March 31, 2024, has been considered as an appropriation from the Profit and Loss Account during the year.

3.3 Fixed Assets

a) Fixed Assets as per Schedule 10 include Software and System Development Expenditure. Details regarding the same are tabulated below:

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024
Gross Block		
At cost as on 31st March of the preceding year	557.13	503.96
Additions during the year	78.73	53.17
Deductions / Adjustments during the year	-	-
At the end of the year	**635.86**	**557.13**

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024
Depreciation / Amortization		
At the beginning of the year	388.56	314.22
Charge for the year	86.11	74.34
Deductions / Adjustments during the year		-
Depreciation to date	**474.67**	**388.56**
Net Block	**161.19**	**168.57**

b) Revaluation of Fixed Assets

During the year 1995-96, the appreciation of ₹ 9.65 Crore in the value of land and buildings consequent upon revaluation by approved valuer was credited to Revaluation Reserve. There has been no revaluation of assets during the years ended March 31, 2025 and March 31, 2024.

3.4 Leases (AS 19)

Lease payments for assets taken on operating lease are recognised as an expense in the Profit and Loss Account as per the lease terms. During the year an amount of ₹ 266.73 Crore (previous year: ₹ 229.91 Crore) was charged to Profit and Loss Account.

There are no provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements. There are generally no undue restrictions or onerous clauses in the agreements.

3.5 Provisions and Contingencies

a) Movement in provision for non-credit related* frauds included under other liabilities

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024
Opening balance	34.66	29.73
Additions during the year	2.92	5.23
Reductions during the year	(4.70)	(0.30)
Closing balance	**32.88**	**34.66**

* Provision for credit related frauds is included in Provision towards NPAs.

b) Movement in provision for other contingencies

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024
Opening provision	75.05	85.31
Provision made during the year	10.74	2.41
Provision utilized for write off during the year	(3.28)	(1.02)
Reductions during the year	(20.27)	(11.65)
Closing provision	**62.24**	**75.05**

c) Movement in floating provision

(Amount in ₹ Crore)

Particulars	Standard Asset Provision		NPA Provision	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Opening balance	12.75	12.75	69.18	69.18
Provision made during the year	-	-	-	-
Amount drawn down during the year	-	-	-	-
Closing balance	**12.75**	**12.75**	**69.18**	**69.18**

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3.6 Description of contingent liabilities:

a) Claims against the Bank not acknowledged as debts

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax and other statutory authorities and disputed by the Bank.

b) Liability on account of forward exchange and derivative contracts

The Bank presently enters into foreign exchange contracts and interest rate swaps with interbank Counterparties and Customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows in the same currency based on fixed rates or benchmark reference. The notional amounts of such foreign exchange contracts and derivatives provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The fluctuation of market rates and prices cause fluctuations in the value of these contracts and the contracted exposure become favorable (assets) or unfavorable (liabilities). The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly as the aggregate contractual or notional amount of derivative financial instruments on hand can vary and the market rate fluctuations can decide the extent to which instruments are favorable or unfavorable.

c) Guarantees given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

d) Acceptances, endorsements and other obligations

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

e) Other items for which the Bank is contingently liable

Includes Capital commitments, amount transferred to RBI under the Depositor Education and Awareness (DEA) Fund etc,.

(Refer schedule 12 for amounts relating to Contingent Liabilities).

3.7 Inter-bank participation with risk sharing

The aggregate amount of participation purchased by the Bank, shown as advances as per regulatory guidelines, outstanding as of March 31, 2025 was ₹ 1,934.59 Crore (previous year: ₹ 4,019.07 Crore).

The aggregate amount of the participation issued by the Bank, reduced from advances as per regulatory guidelines, outstanding as of March 31, 2025 was ₹ 5,265.74 Crore (previous year: ₹ 4,105.00 Crore).

3.8 Provision for Long Term contracts

The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any Law/Accounting Standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements.

3.9 Corporate Social Responsibility (CSR)

a) The gross amount required to be spent by the Bank on Corporate Social Responsibility (CSR) related activities during the year ended March 31, 2025, was ₹ 75.49 Crore (previous year ₹ 57.55 Crore).

b) The amount approved by the Board of the Bank to be spent during the year was ₹75.49 Crore (previous year ₹ 57.55 Crore).

c) Amount spent/transferred to separate CSR unspent account during the year is given below:

The following table sets forth, for the years indicated, the amount spent by the Bank on CSR related activities.

(Amount in ₹ Crore)

Sl. No.	Particulars	March 31, 2025			March 31, 2024		
		Spent during the year	Transferred to separate CSR unspent account	Total	Spent during the year	Transferred to separate CSR unspent account	Total
1.	Construction / acquisition of any asset	-	-	-	-	-	-
2.	On purpose other than (1) above	70.89*	17.41$	88.30	60.67@	10.34^	71.01

*Includes ₹ 9.97 Crore spent from unspent CSR account pertaining to ongoing projects of FY 2023-24, ₹ 2.51 crore for FY 2022–23 ongoing projects, and ₹ 0.33 crore for FY 2021–22 ongoing projects.

$ ₹ 17.41 Crore pertaining to ongoing projects of FY 2024-25 was transferred to unspent CSR account within the prescribed timeline.

@ Includes ₹ 13.46 Crore spent from unspent CSR account pertaining to ongoing projects of FY 2022-23.

^ ₹ 10.34 Crore pertaining to ongoing projects of FY 2023-24 was transferred to unspent CSR account within the prescribed timeline.

The following table sets forth the summary of amount pertaining to ongoing projects transferred to separate CSR unspent account:

(Amount in ₹ Crore)

Year	Opening Balance in Separate CSR unspent account	Amount required to be spent during the year	Amount spent during the year		Amount transferred to Separate CSR unspent account during the year	Closing Balance in Separate CSR unspent account
			From Bank's account	From Separate CSR unspent account		
2023-24	16.31	57.55	47.21	13.46	10.34	13.19
2024-25	13.19	75.49	58.08	12.82	17.41$	17.78

$ ₹17.41 Crore was transferred to Unspent CSR account within the prescribed timeline.

The following table sets forth, for the years indicated, the details of related party transactions pertaining to CSR related activities as per Accounting Standard (AS) 18, Related Party Disclosures.

(Amount in ₹ Crore)

Sl. No	Related party	March 31, 2025	March 31, 2024
1	Federal Bank Hormis Memorial Foundation*	63.37#	59.23@

*Federal Bank Hormis Memorial Foundation (FHMF) is a trust in which KMPs of the Bank can exercise significant influence and is the implementation agency for Bank's CSR activities / programs / projects.

Includes Donations to FHMF for projects sanctioned during FY 2024-25 amounting to ₹ 50.97 Crore, ₹ 9.81 Crore from unspent CSR account for FY 2023–24 ongoing projects, ₹2.29 Crore for FY 2022–23 and ₹0.30 Crore for FY 2021–22.

@ Includes Donations to FHMF for projects sanctioned during FY 2023-24 amounting to ₹ 45.96 Crore and Donations to FHMF from unspent CSR account for ongoing projects identified during FY 2022-23 amounting to ₹ 13.27 Crore.

3.10 Investor Education and Protection Fund

There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Bank during the years ended March 31, 2025 and March 31, 2024.

THE FEDERAL BANK LIMITED

SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

3.11 Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 02, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises.

(Amount in ₹ Crore)

Particulars	March 31, 2025		March 31, 2024	
	Principal	Interest	Principal	Interest
The principal amount and the interest due thereon remaining unpaid to any supplier	-	*	-	-
The amount of interest paid by the buyer in terms of Section 16, along with the amount of the payment made to the supplier beyond the due date	0.08	-	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under MSMED Act, 2006		*		-
The amount of interest accrued and remaining unpaid		*		-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowed as a deductible expenditure under Section 23		*		-

* Represent less than ₹ 1 Lakh

The above is based on the information available with the Bank which has been relied upon by the auditors.

3.12 Disclosure under Rule 11(e) of the Companies (Audit and Auditors) Rules, 2014

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s) or entity (ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Bank ("Ultimate Beneficiaries"). The Bank has not received any fund from any party(s) (Funding Party) with the understanding that the Bank shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

3.13 Figures for the previous year have been regrouped and reclassified, wherever necessary to conform to current year's presentation.

As per our report of even date

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No: 105047W

Swapnil Kale
Partner
Membership No: 117812

For **Suri & Co**
Chartered Accountants
ICAI Firm Registration No: 004283S

G. Rengarajan
Partner
Membership No: 219922

Place: Mumbai
Date : April 30, 2025

For **The Federal Bank Limited**

Krishnan Venkat Subramanian
Managing Director & CEO
DIN: 00031794

Shalini Warrier
Executive Director
DIN: 08257526

Venkatraman Venkateswaran
Chief Financial Officer

Manikandan Muthiah
Head - Financial Reporting

A P Hota
Chairman
DIN: 02593219

Harsh Dugar
Executive Director
DIN: 00832748

Samir P Rajdev
Company Secretary

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE FEDERAL BANK LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Consolidated Financial Statements of The Federal Bank Limited ("the Bank") and its subsidiaries (the Bank and its subsidiaries together referred to as "the Group"), and its associates, which comprise the Consolidated Balance Sheet as at March 31, 2025, the Consolidated Profit and Loss account, the Consolidated Cash Flow Statement for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information ("the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of reports of other auditors on separate audited Financial Statements of the two subsidiaries and associate, the aforesaid Consolidated Financial Statements give the information required by the Banking Regulation Act, 1949, circular, directions and the guidelines issued by the Reserve Bank of India ("the RBI") from time to time ("the RBI Guidelines") and the Companies Act, 2013 ("the Act") in the manner so required for banking companies and give a true and fair view in conformity with the Accounting Standards prescribed under Section 133 of the Act read with Companies (Accounting Standards) Rules, 2021 and other accounting principles generally accepted in India, of their consolidated state of affairs of the Group and its associates as at March 31, 2025, of consolidated profit and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India ("the ICAI"). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associate in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements in India in terms of the Code of Ethics issued by the ICAI, and the relevant provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and on consideration of audit reports of other auditors referred to in the "Other Matters" paragraph below is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the year ended March 31, 2025. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1	**Identification of and provisioning for Non-Performing Advances ("NPA")** Total Loans and Advances (Net of Provisions) as at March 31, 2025: ₹ 2,44,99,53,560 thousands Provision for NPA as at March 31, 2025: ₹ 3,40,80,812 thousands of which Total Loans and Advances (Net of Provision) as at March 31, 2025: ₹ 2,34,83,63,947 thousands* & Provision of NPA as at March 31, 2025: ₹ 3,29,80,485 thousands* relates to the Bank. (Refer to Schedule 9 and Schedule 17(5.2)). * the amounts relating to the Bank are before consolidation adjustments including intercompany eliminations, if any.	
	The RBI guidelines on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances ("IRAC") and other circulars and directives issued by the RBI from time to time pertaining to Advances, prescribes the norms for identification and classification of performing and NPA and the minimum provisions required for such advances.	**Our audit procedures in respect of this area included, but not limited to:** **Process understanding and control testing:** • Obtained an understanding of management's process, systems/ applications and controls implemented in relation to advances, identification of NPA and provisions thereon. • Tested system/application controls including automated process, controls and system-based reconciliations pertaining to advances, NPA identification and provision on advances as per IRAC norms and Board approved policy.

INDEPENDENT AUDITORS' REPORT (Contd..)

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
	The Bank is required to have a Board approved policy in place for identification and classification of advances in Standard and NPA and provisioning thereon. The Bank is also expected to apply its judgement to determine the identification and provisioning required against NPA by applying quantitative as well as qualitative factors. The provision on NPA is estimated based on the asset classification of NPAs, nature of loan product, value of security and other qualitative factors and is subject to the minimum provisioning as per IRAC and Board approved policy in this regard. Since the identification of NPAs and provisioning for advances requires a significant level of estimation and given its significance to the overall audit including possible observation by RBI which could result into disclosure in the Financial Statements, we have ascertained identification and provisioning for NPAs as a key audit matter.	**Performed other substantive procedures including the following, but not limited to:** • Selected samples for testing, based on quantitative and qualitative risk factors. For the selected samples, tested accuracy of days past due computation, assets classification at borrower level and provisioning as per IRAC norms and Board approved policy. • Verified samples selected based on quantitative and qualitative factors to test their conduct, security valuation, impairment indicators basis their financial strength or external factors if any. • Inquired with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which needs to be factored in classification of account as NPA. • Discussed with the management of the Bank on sectors where there is perceived credit risk and the steps taken by management to mitigate the risks pertaining to identified stress sectors.
2	**Information Technology ("IT") systems and controls impacting financial controls**	
	The Bank's key financial accounting and reporting processes are highly dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being misstated. Amongst its multiple IT systems, we scoped in systems that are key for overall financial reporting. Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting. We have identified 'IT systems and controls' as a key audit matter considering the high level of automation, significant number of systems being used by management and the complexity of the IT architecture and its impact on overall financial reporting process and regulatory expectation on automation.	**Key IT audit procedures performed included the following, but not limited to:** • For testing the IT general controls, application controls and IT dependent manual controls, we involved IT specialists as part of the audit. The team also assisted in testing the accuracy of the information produced by the Bank's IT systems. • Obtained a comprehensive understanding of IT applications landscape implemented at the Bank. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology. • Key IT audit procedures includes testing design and operating effectiveness of key controls operating over user access management (which includes user access provisioning, de-provisioning, access review, password configuration review, segregation of duties and privilege access), change management (which include change release in production environment are compliant to the defined procedures and segregation of environment is ensured), program development (which include review of data migration activity), computer operations (which includes testing of key controls pertaining to, backup, Batch processing (including interface testing), incident management and data Centre security), System interface controls. This included testing that requests for access to systems were appropriately logged, reviewed, and authorized. • In addition to the above, the design and operating effectiveness of certain automated controls, that were considered as key internal system controls over financial reporting were tested. Using various techniques such as inquiry, review of documentation / record / reports, observation, and re-performance. We also tested few controls using negative testing technique. • Tested compensating controls and performed alternate procedures, where necessary. In addition, understood where relevant changes made to the IT landscape during the audit period.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Bank's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the Consolidated Financial Statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the Consolidated Financial Statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Bank's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with Companies (Accounting Standards) Rules, 2021 and the Banking Regulation Act, 1949 and RBI Guidelines as applicable to the Bank. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act, Banking Regulation Act, 1949 and RBI Guidelines for safeguarding the assets of the Group and of its associate and for preventing and detecting frauds and other irregularities; the selection and application of appropriate significant accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Bank's Board of Directors, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless their Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate are responsible for overseeing the financial reporting process of the Group and of its associate.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has internal financial controls with reference to Consolidated Financial Statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of significant accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management of the Bank.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up

INDEPENDENT AUDITORS' REPORT (Contd..)

to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the Financial Statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Bank and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements for the year ended March 31, 2025 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

a. We did not audit the Financial statements of two subsidiaries, whose Financial Statements reflect total assets of ₹ 13,18,94,343 thousands (before consolidation adjustments) as at March 31, 2025; total revenues of ₹ 2,16,61,238 thousands (before consolidation adjustments) and net cash flows amounting to ₹ 53,87,821 thousands (before consolidation adjustments) for the year ended on that date, as considered in the Consolidated Financial Statements. The Consolidated Financial Statements also include the Group's share of net profit of ₹ 3,25,328 thousands (before consolidation adjustments) for the year ended March 31, 2025, as considered in the Consolidated Financial Statements, in respect of its associates, whose Financial Statements have not been audited by us. These Financial Statements have been audited by other auditors whose reports have been furnished to us and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and its associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and its associates, is based solely on the reports of the other auditors.

b. The following other matter paragraph has been included in the Audit Report on the Financial Statement of Ageas Federal Life Insurance Company Limited ("the Company"), an associate of the Bank issued by their auditors vide their report dated April 24, 2025:

"The actuarial valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued, but liability exists and the determination of discontinuance charge to be deducted from the discontinued policies of linked business to be held as 'funds for future appropriations' until the exit of the policy due to expiry of revival period or due to death of the life assured or expiry of the lock-in period as applicable, as at March 31, 2025, is the responsibility of the Appointed Actuary of the Company (the 'Appointed Actuary'), which has been duly certified by Appointed Actuary. In the opinion of Appointed Actuary, the assumptions for such valuation are in accordance with the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India, in concurrence with the IRDAI. We have relied upon the Appointed Actuary's certificate in this regard for forming our opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists in Financial Statements of the Company. Our opinion is not modified in respect of this matter."

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate audited Financial Statements of the two subsidiaries and associate as noted in the Other Matters Section above we report, to the extent applicable, that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.

b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c. The Consolidated Balance Sheet, the Consolidated Profit and Loss Account, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

d. In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act to the extent they are not inconsistent with the guidelines prescribed by the RBI.

e. On the basis of the written representations received from the directors of the Bank as on March 31, 2025 taken on record by the Board of Directors of the Bank and the reports of the statutory auditors of its two subsidiaries and associate incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India are disqualified as on March 31, 2025 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of internal financial controls with reference to Financial Statements of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us based on our audit and on the consideration of report of the other auditor on separate Financial Statements of two subsidiaries and one associate as noted in the 'Other Matters' paragraph:

   i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate – Refer Schedule 12, Note 5.21 of Schedule 17 and Note 1.8 of Schedule 18 to the Consolidated Financial Statements.

   ii. Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Schedule 12, Note 5.21 of Schedule 17 and Note 1.8 of Schedule 18 to the Consolidated Financial Statements in respect of such items as it relates to the Group and its associate; and

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group and incorporated in India - Refer Note 1.17 of Schedule 18 to the Consolidated Financial Statements.

   iv. (1) The respective Managements of the Bank, its two subsidiaries and associate which are companies incorporated in India whose Financial Statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associate respectively that, to the best of their knowledge and belief, as disclosed in Note 1.18 of Schedule 18 to the Consolidated Financial Statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank or any of such subsidiaries and associate to or in any other person or entity, including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that such parties shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank or any of such subsidiaries and associate ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

   (2) The respective Managements of the Bank, its two subsidiaries and associate which are companies incorporated in India whose Financial Statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associate respectively that, to the best of their knowledge and belief, as disclosed in Note 1.18 of Schedule 18 to the Consolidated Financial Statements, no funds have been received by the Bank or any of such subsidiaries and associate from any person or entity, including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Bank or any of such subsidiaries and associate shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

   (3) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us

INDEPENDENT AUDITORS' REPORT (Contd..)

and that performed by the auditors of the two subsidiaries and one associate which are companies incorporated in India whose Financial Statements have been audited under the Act, and according to the information and explanations provided to us by the Management of the Bank in this regard nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.

v. The Bank, one subsidiary and associate have declared and paid dividend during the year which is in compliance with section 123 of the Act and the Banking Regulation Act, 1949.

vi. Based on our examination which included test checks and that performed by the respective auditors of two subsidiaries and one associate which are companies incorporated in India those Financial Statements have been audited under the Act, the Bank, it's two subsidiaries and associate have used an accounting software for maintaining their books of account including the system managed and maintained by a third-party software service provider which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all the relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with. Additionally, the audit trail of prior year has been preserved by the Bank, it's two subsidiaries and associate as per the statutory requirements for record retention.

h. With respect to the matters to be included in the Auditor's Report under Section 197(16): In our opinion, according to information and explanations given to us, the remuneration paid by the two subsidiaries and associate to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder. Further, the Bank is a banking company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under Section 197 of the Companies Act, 2013 do not apply to the Bank.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration
Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 25117812BMNULC8465

Mumbai
April 30, 2025

For **Suri & Co**
Chartered Accountants
ICAI Firm Registration
Number: 004283S

G. Rengarajan
Partner
Membership Number: 219922
UDIN: 25219922BMISTL8061

Mumbai
April 30, 2025

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE FEDERAL BANK LIMITED

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the Consolidated Financial Statements of the Bank as of and for the year ended March 31, 2025, we have audited the internal financial controls with reference to Consolidated Financial Statements of The Federal Bank Limited ("the Bank") and its subsidiaries (Bank and it's subsidiaries together referred to as "the Group") and its associate which are companies incorporated in India, as of that date.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the Bank, its subsidiary companies, its associate company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to Consolidated Financial Statements and such internal financial controls with reference to Consolidated Financial Statements were operating effectively as at March 31, 2025, based on the internal control with reference to Consolidated Financial Statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("the ICAI").

Management and Board of Director's Responsibility for Internal Financial Controls

The respective Management and Board of Directors of the Bank, its subsidiary companies, its associate companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to Consolidated Financial Statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to Consolidated Financial Statements of the Bank, its subsidiary companies, its associate company, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Consolidated Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to Consolidated Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to Consolidated Financial Statements of the Bank, its subsidiary companies, its associate companies, which are companies incorporated in India.

Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

Bank's internal financial control with reference to Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles. Bank's internal financial control with reference to Consolidated Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit

INDEPENDENT AUDITORS' REPORT (Contd..)

preparation of Consolidated Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorizations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Bank's assets that could have a material effect on the Consolidated Financial Statements.

Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to Consolidated Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Consolidated Financial Statements to future periods are subject to the risk that the internal financial control with reference to Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to Consolidated Financial Statements insofar as it relates to two subsidiary companies and associate company which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration
Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 25117812BMNULC8465

Mumbai
April 30, 2025

For **Suri & Co**
Chartered Accountants
ICAI Firm Registration
Number: 004283S

G. Rengarajan
Partner
Membership Number: 219922
UDIN: 25219922BMISTL8061

Mumbai
April 30, 2025

THE FEDERAL BANK LIMITED

CONSOLIDATED BALANCE SHEET

AS ON MARCH 31, 2025

(₹ in Thousands)

	Schedule	As on March 31, 2025	As on March 31, 2024
CAPITAL AND LIABILITIES			
Capital	1	4,911,658	4,870,703
Reserves and surplus	2	340,471,582	296,182,843
Minority interest	2A	9,147,821	8,204,808
Deposits	3	2,834,836,228	2,524,550,121
Borrowings	4	325,958,319	251,596,197
Other liabilities and provisions	5	86,193,529	92,984,793
TOTAL		**3,601,519,137**	**3,178,389,465**
ASSETS			
Cash and balances with Reserve Bank of India	6	203,609,785	115,091,150
Balances with banks and money at call and short notice	7	112,361,512	76,847,090
Investments	8	660,576,791	610,431,159
Advances	9	2,449,953,560	2,181,102,815
Fixed assets	10	15,275,545	10,630,342
Other assets	11	159,741,944	184,286,909
Goodwill on consolidation		-	-
TOTAL		**3,601,519,137**	**3,178,389,465**
Contingent liabilities	12	2,082,818,302	1,020,899,448
Bills for collection		92,327,980	71,578,413
Significant accounting policies	17		
Notes to accounts	18		
Schedules referred to above form an integral part of the Consolidated Balance Sheet			

As per our report of even date

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No: 105047W

Swapnil Kale
Partner
Membership No: 117812

For **Suri & Co**
Chartered Accountants
ICAI Firm Registration No: 004283S

G. Rengarajan
Partner
Membership No: 219922

Place: Mumbai
Date : April 30, 2025

For **The Federal Bank Limited**

Krishnan Venkat Subramanian
Managing Director & CEO
DIN: 00031794

Shalini Warrier
Executive Director
DIN: 08257526

Venkatraman Venkateswaran
Chief Financial Officer

Manikandan Muthiah
Head - Financial Reporting

A P Hota
Chairman
DIN: 02593219

Harsh Dugar
Executive Director
DIN: 00832748

Samir P Rajdev
Company Secretary

THE FEDERAL BANK LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2025

(₹ in Thousands)

	Schedule	Year ended March 31, 2025	Year ended March 31, 2024
I. INCOME			
Interest earned	13	281,060,781	235,654,754
Other income	14	39,241,705	32,164,763
TOTAL		**320,302,486**	**267,819,517**
II. EXPENDITURE			
Interest expended	15	176,312,737	144,946,713
Operating expenses	16	78,919,478	67,666,957
Provisions and contingencies (Refer Note 1.8 of Schedule 18)		23,055,454	15,930,552
TOTAL		**278,287,669**	**228,544,222**
III. PROFIT/(LOSS)			
Consolidated Net profit / (loss) for the year (before Minority Interest and share of earnings / (loss) in Associates)		**42,014,817**	**39,275,295**
Add : Share of earnings / (loss) in Associates		325,328	365,064
Consolidated Net profit / (loss) for the year before Minorities' Interest		**42,340,145**	**39,640,359**
Less: Minority interest		751,687	836,083
Consolidated profit/(loss) for the year attributable to the group		**41,588,458**	**38,804,276**
Balance in Profit and Loss Account brought forward from previous year		75,162,387	57,630,129
Less: Minority interest pertaining to Pre-acquisition profit (Refer Note 2 of Schedule 17)		29,705	425,565
TOTAL		**116,721,140**	**96,008,840**
IV. APPROPRIATIONS			
Transfer to Revenue Reserve		6,067,154	5,542,518
Transfer to Statutory Reserve		10,129,718	9,301,495
Transfer to Capital Reserve		835,505	817,635
Transfer to Investment Fluctuation Reserve		1,519,271	668,442
Transfer to Investment Reserve		-	162,431
Transfer to Special Reserve		1,956,500	1,736,800
Transfer to Reserve Fund		235,446	268,024
Dividend pertaining to previous year paid during the year (Refer Note 1.1 E of Schedule 18)		2,940,023	2,349,108
Balance carried over to Consolidated Balance Sheet		93,037,523	75,162,387
TOTAL		**116,721,140**	**96,008,840**
Earnings per share (Face value of ₹ 2/- each) (₹) (Refer Note 1.6 of Schedule 18)			
Basic		16.98	16.76
Diluted		16.80	16.55
Significant accounting policies	17		
Notes to accounts	18		
Schedules referred to above form an integral part of the Consolidated Profit and Loss account			

As per our report of even date

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No: 105047W

Swapnil Kale
Partner
Membership No: 117812

For **Suri & Co**
Chartered Accountants
ICAI Firm Registration No: 004283S

G. Rengarajan
Partner
Membership No: 219922

Place: Mumbai
Date : April 30, 2025

For **The Federal Bank Limited**

Krishnan Venkat Subramanian
Managing Director & CEO
DIN: 00031794

Shalini Warrier
Executive Director
DIN: 08257526

Venkatraman Venkateswaran
Chief Financial Officer

Manikandan Muthiah
Head - Financial Reporting

A P Hota
Chairman
DIN: 02593219

Harsh Dugar
Executive Director
DIN: 00832748

Samir P Rajdev
Company Secretary

THE FEDERAL BANK LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2025

(₹ in Thousands)

	Year ended March 31, 2025	Year ended March 31, 2024
Cash Flow from Operating Activities		
Net Profit before taxes	55,451,882	52,138,979
Adjustments for:		
Depreciation on Group's Property	2,884,492	2,339,498
Profit on revaluation of Investments (net)	(1,523,086)	(288,911)
Amortisation of premium / (discount) on Investments	(941,546)	1,731,776
Provision / Charge for Non Performing Advances	9,267,973	4,632,743
Provision for Investments, Standard Assets and Contingencies	74,002	(2,036,894)
(Profit) / Loss on sale of fixed assets (net)	(21,797)	(84,327)
Profit on Sale of Investment in Subsidiary	-	(991,140)
Profit on Sale of Investment in Associate	(366,755)	-
Employees Stock option Expense	84,855	15,824
	64,910,020	**57,457,548**
Adjustments for working capital changes:-		
Increase in Investments [excluding investments in Subsidiaries, Associates and Held to Maturity Investments]	(12,508,688)	(37,957,880)
Increase in Advances	(278,118,718)	(366,168,068)
Decrease in Other Assets	24,632,207	1,303,196
Increase in Deposits	310,286,107	394,665,112
Increase / (Decrease) in Other liabilities and provisions	(7,781,449)	28,242,314
	36,509,459	**20,084,674**
Direct taxes paid (net)	(13,410,292)	(13,230,511)
Net Cash Flow from Operating Activities	**88,009,187**	**64,311,712**
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(7,546,539)	(3,279,218)
Proceeds from Sale of Fixed Assets	38,641	110,816
Profit on Sale of Investment in Subsidiary	-	991,140
Proceeds from sale of investment in Associate	775,500	-
Purchase of Held to Maturity Investments (net)	(31,210,605)	(86,906,367)
Net Cash flow used in Investing Activities	**(37,943,003)**	**(89,083,629)**
Cash Flow from Financing Activities		
Proceeds from Issue of Share Capital	40,955	638,301
Proceeds from Share Premium (net of share issue expenses)	1,643,067	43,300,498
Increase in Minority Interest	903,535	4,142,701
Issue / (Redemption) of Subordinate Debt	(3,000,000)	2,000,000
Increase / (Decrease) in Borrowings (Excluding Subordinate Debt)	77,362,123	(9,023,588)
Dividend Paid	(2,940,023)	(2,349,108)
Net Cash flow from Financing Activities	**74,009,657**	**38,708,804**
Effect of exchange fluctuation on translation reserve	(42,785)	(37,933)
Net Increase in Cash and Cash Equivalents	**124,033,056**	**13,898,954**

THE FEDERAL BANK LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

(₹ in Thousands)

	Year ended March 31, 2025	Year ended March 31, 2024
Cash and Cash Equivalents at the beginning of the year	191,938,240	178,039,286
Cash and Cash Equivalents at the end of the year	315,971,296	191,938,240

Note:

Cash and Cash Equivalents comprises of Cash in hand (including foreign currency notes), Balances with Reserve Bank of India, Balances with banks and money at call and short notice (Refer Schedules 6 and 7 of the Consolidated Balance Sheet)

As per our report of even date

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No: 105047W

Swapnil Kale
Partner
Membership No: 117812

For **Suri & Co**
Chartered Accountants
ICAI Firm Registration No: 004283S

G. Rengarajan
Partner
Membership No: 219922

Place: Mumbai
Date : April 30, 2025

For **The Federal Bank Limited**

Krishnan Venkat Subramanian
Managing Director & CEO
DIN: 00031794

A P Hota
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Executive Director
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Venkatraman Venkateswaran
Chief Financial Officer

Samir P Rajdev
Company Secretary

Manikandan Muthiah
Head - Financial Reporting

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE 1 - CAPITAL (Refer Note 1.1 of Schedule 18)

(₹ in Thousands)

	As on March 31, 2025	As on March 31, 2024
Authorised Capital	8,000,000	8,000,000
4,000,000,000 (Previous year 4,000,000,000) equity shares of ₹ 2/- each		
Issued Capital	4,914,309	4,873,354
2,457,154,360 (Previous year 2,436,677,233) equity shares of ₹ 2/-each		
Subscribed, Called-up and Paid-up Capital	4,911,659	4,870,704
2,455,829,065 (Previous year 2,435,351,938) equity shares of ₹ 2/-each		
Less: Calls unpaid	1	1
Total	**4,911,658**	**4,870,703**

SCHEDULE 2 - RESERVES AND SURPLUS

(₹ in Thousands)

	As on March 31, 2025	As on March 31, 2024
I. Statutory Reserve		
Opening balance	55,362,261	46,060,766
Additions during the year	10,129,718	9,301,495
Deductions during the year	-	-
	65,491,979	**55,362,261**
II. Capital Reserves		
(a) Revaluation Reserve		
Opening balance	50,091	50,091
Additions during the year	-	-
Deductions during the year	-	-
	50,091	**50,091**
(b) Capital Redemption Reserve		
Opening balance	12,316	14,643
Additions during the year	-	-
Deductions during the year	(110)	(2,327)
	12,206	**12,316**
(c) Others		
Opening balance	8,385,378	7,567,743
Additions during the year*	835,505	817,635
Deductions during the year	-	-
	9,220,883	**8,385,378**
Total (a+b+c)	**9,283,180**	**8,447,785**
III. Share premium (Refer Note 1.1 of Schedule 18)		
Opening balance	106,668,635	63,356,840
Additions during the year	1,706,138	44,373,289
Deductions during the year	(59,517)	(1,061,494)
	108,315,256	**106,668,635**
IV. Revenue and Other Reserves		
(a) Revenue Reserve		
Opening balance	34,941,682	29,399,164
Additions during the year	7,120,315	5,542,518
Deductions during the year	-	-
	42,061,997	**34,941,682**
(b) Investment Fluctuation Reserve		
Opening balance	2,575,332	1,906,890
Additions during the year	1,681,702	668,442
Deductions during the year	-	-
	4,257,034	**2,575,332**

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd..)

(₹ in Thousands)

	As on March 31, 2025	As on March 31, 2024
(c) Special Reserve (As per section 36(1)(viii) of Income Tax Act 1961)		
Opening balance	11,826,900	10,090,100
Additions during the year	1,956,500	1,736,800
Deductions during the year	-	-
	13,783,400	**11,826,900**
V. Investment Reserve Account		
Opening balance	162,431	-
Additions during the year	-	162,431
Deductions during the year	(162,431)	-
	-	**162,431**
VI. Foreign Currency Translation Reserve (Refer Schedule 17 (5.6))		
Opening balance	(177,418)	(139,485)
Additions during the year	-	-
Deduction during the year	(42,785)	(37,933)
	(220,203)	**(177,418)**
VII. ESOP Reserve		
Opening balance	37,682	33,156
Additions during the year	84,856	15,824
Deductions during the year	(3,554)	(11,298)
	118,984	**37,682**
VIII. AFS Reserve		
Opening balance	-	-
Additions during the year	3,065,438	-
Deductions during the year	(804,899)	-
	2,260,539	**-**
IX. Cash Flow Hedge Reserve		
Opening balance	-	-
Additions during the year	696,999	-
Deductions during the year	(17,907)	-
	679,092	**-**
X. Contingency Reserve		
Opening balance	301,003	301,003
Additions during the year	-	-
Deductions during the year	-	-
	301,003	**301,003**
XI. Reserve Fund		
Opening balance	873,527	719,892
Additions during the year	235,445	268,024
Deductions during the year	(7,804)	(114,389)
	1,101,168	**873,527**
XII. General Reserve		
Opening balance	636	756
Additions during the year	-	-
Deductions during the year	(6)	(120)
	630	**636**
XIII. Balance in Consolidated Profit and Loss Account	**93,037,523**	**75,162,387**
Grand Total (I+II+III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII)	**340,471,582**	**296,182,843**

* - Includes Profit appropriated to Capital Reserve (net of applicable taxes and transfer to statutory reserve) on :

a) Gain on sale of Held to Maturity Investments ₹ 440,172 Thousands (Previous year ₹ 213,971 Thousands)

b) Gain on reclassification / sale of investments in Subsidiary / Associate ₹ 384,335 Thousands (Previous Year ₹ 555,543 Thousands)

c) Profit on sale of Premises ₹ 10,998 Thousands (Previous year ₹ 48,121 Thousands)

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd..)

SCHEDULE 2A - MINORITY INTEREST

(₹ in Thousands)

	As on March 31, 2025	As on March 31, 2024
Minority interest at the date on which parent-subsidiary relationship came into existence	786,638	786,638
Subsequent increase	8,361,183	7,418,170
Minority interest on the date of balance sheet	**9,147,821**	**8,204,808**

SCHEDULE 3 - DEPOSITS

(₹ in Thousands)

			As on March 31, 2025	As on March 31, 2024
A.	I.	Demand Deposits		
		i. From banks	6,412,684	2,199,300
		ii. From others	216,804,594	164,943,026
			223,217,278	**167,142,326**
	II.	Savings Bank Deposits	**638,922,444**	**578,587,491**
	III.	Term Deposits		
		i. From banks	51,219,543	41,988,325
		ii. From others	1,921,476,963	1,736,831,979
			1,972,696,506	**1,778,820,304**
	Total (I+II+III)		**2,834,836,228**	**2,524,550,121**
B.	I.	Deposits of branches in India	2,829,981,025	2,523,994,296
	II.	Deposits of branches outside India	4,855,203	555,825
	Total		**2,834,836,228**	**2,524,550,121**

SCHEDULE 4 - BORROWINGS

(₹ in Thousands)

		As on March 31, 2025	As on March 31, 2024
I.	Borrowings in India		
	i. Reserve Bank of India	22,500,000	28,510,000
	ii. Other banks	74,380,656	66,471,083
	iii. Other institutions and agencies	192,646,797	120,627,977
Total		**289,527,453**	**215,609,060**
II.	Borrowings outside India	36,430,866	35,987,137
	Grand Total (I and II)	**325,958,319**	**251,596,197**
a)	Secured borrowings included in I and II above	256,032,484	188,106,061
b)	Tier II bond included in I(ii) & I(iii) above	19,103,000	22,103,000

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(₹ in Thousands)

	As on March 31, 2025	As on March 31, 2024
I. Bills Payable	5,229,794	6,535,793
II. Inter - office adjustments (net)	-	-
III. Interest accrued	8,990,951	7,338,956
IV. Others (including provisions)*	71,972,784	79,110,044
Total	**86,193,529**	**92,984,793**
*Includes		
(a) General provision for standard assets	13,413,596	13,239,166
(b) Deferred Tax Liability	916,183	-

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd..)

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(₹ in Thousands)

		As on March 31, 2025	As on March 31, 2024
I.	Cash in hand (including foreign currency notes)	8,007,520	9,684,845
II.	Balance with Reserve Bank of India		
	i. in Current Accounts	114,002,265	105,406,305
	ii. in Other Accounts	81,600,000	-
Total		**203,609,785**	**115,091,150**

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(₹ in Thousands)

		As on March 31, 2025	As on March 31, 2024
I.	In India		
	i. Balances with banks		
	a. in Current Accounts	7,023,603	5,697,054
	b. in Other Deposit Accounts	6,484,280	1,152,935
	ii. Money at call and short notice		
	a. With banks	-	-
	b. With other institutions	10,614,770	4,490,520
	Total	**24,122,653**	**11,340,509**
II.	Outside India		
	i. in Current Accounts	8,359,164	8,829,647
	ii. in Other Deposit Accounts	79,281,370	55,676,074
	iii. Money at call and short notice	598,325	1,000,860
	Total	**88,238,859**	**65,506,581**
	Grand Total (I and II)	**112,361,512**	**76,847,090**

SCHEDULE 8 - INVESTMENTS

(₹ in Thousands)

		As on March 31, 2025	As on March 31, 2024
I.	Investments in India in		
	i. Government securities #	563,464,217	520,842,004
	ii. Other approved securities	-	-
	iii. Shares	8,886,630	5,667,669
	iv. Debentures and bonds	34,419,103	30,638,062
	v. Associates*	3,093,046	3,512,781
	vi. Others @	50,512,537	49,648,116
	Total	**660,375,533**	**610,308,632**
II.	Investments outside India in		
	i. Government securities (including local authorities)	42,008	32,048
	ii. Associates	-	-
	iii. Other investments		
	a. Debentures and bonds	144,264	80,221
	b. Shares	14,986	10,258
	c. Others (Certificate of deposit)	-	-
	Total	**201,258**	**122,527**
	Grand Total (I and II)	**660,576,791**	**610,431,159**
III.	Investments in India		
	i. Gross value of investments	661,194,255	615,474,595
	ii. Aggregate of provisions for investments	818,722	5,165,963
	iii. Net investment	660,375,533	610,308,632

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd..)

(₹ in Thousands)

	As on March 31, 2025	As on March 31, 2024
IV. Investments outside India		
i. Gross value of investments	201,257	122,527
ii. Aggregate of provisions for investments	-	-
iii. Net investment	201,257	122,527
Total (III+IV)	**660,576,790**	**610,431,159**

[#] Securities costing ₹ 97,780,879 Thousands (Previous year ₹ 110,164,457 Thousands) pledged for availment of fund transfer facility, clearing facility and margin requirements.

* represents investment accounted as an associate in line with AS -23 , Accounting for Investments in Associates in Consolidated Financial Statements , prescribed under Section 133 of the Companies Act, 2013 [Refer Schedule 17, Note 2 (iv)].

It includes goodwill on consolidation of associate amounting to ₹ Nil (Previous year ₹ 150,181 Thousands).

[@] Comprises of:

(₹ in Thousands)

	As on March 31, 2025	As on March 31, 2024
Pass Through Certificates (PTCs)	39,950,669	36,231,924
Certificate of deposits	4,539,782	3,946,751
Commercial Paper	2,755,731	3,128,680
Venture Capital Funds (VCFs)	1,990,783	1,351,010
Security Receipts	49,542	-
Mutual fund	1,181,232	4,989,751
Exchange Traded Funds (ETFs)	44,798	-
Total	**50,512,537**	**49,648,116**

SCHEDULE 9 - ADVANCES

(₹ in Thousands)

	As on March 31, 2025	As on March 31, 2024
A. i. Bills purchased and discounted	48,412,072	47,518,540
ii. Cash credits overdrafts and loans repayable on demand	988,960,083	878,225,323
iii. Term loans	1,412,581,405	1,255,358,952
Total	**2,449,953,560**	**2,181,102,815**
B. i. Secured by tangible assets*	2,125,701,112	1,868,856,855
ii. Covered by Bank/ Government guarantees [#]	30,183,316	15,965,748
iii. Unsecured	294,069,132	296,280,212
Total	**2,449,953,560**	**2,181,102,815**
C. I. Advances in India		
i. Priority sector	724,330,109	681,141,619
ii. Public sector	517,010	-
iii. Banks	26,431,879	25,564,911
iv. Others	1,664,291,810	1,443,683,454
Total	**2,415,570,808**	**2,150,389,984**
C. II. Advances outside India		
i. Due from banks	5,477,842	1,256,913
ii. Due from others		
a) Bills purchased and discounted	781,962	-
b) Syndicated loans	7,736,991	13,319,911
c) Others	20,385,958	16,136,007
Total	**34,382,753**	**30,712,831**
Grand Total (C I and C II)	**2,449,953,561**	**2,181,102,815**

* Includes Advances against book debts

[#] Includes Advances against Letter of credit issued by banks

(Advances are net of provisions)

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd..)

SCHEDULE 10 - FIXED ASSETS

(₹ in Thousands)

		As on March 31, 2025	As on March 31, 2024
A.	**Premises #**		
	Gross Block		
	At cost as on 31st March of the preceding year	4,211,444	3,742,876
	Additions during the year	3,727,293	477,505
	Deductions during the year	2,315	8,938
	At the end of the year	**7,936,422**	**4,211,443**
	Depreciation		
	As at the beginning of the year	1,216,304	1,126,704
	Charge for the year	186,804	95,114
	Deductions during the year	1,107	5,514
	Depreciation to date	**1,402,001**	**1,216,304**
	Net Block	**6,534,421**	2,995,139
B.	**Other fixed assets**		
	(including furniture and fixtures)		
	Gross Block		
	At cost as on 31st March of the preceding year	20,898,922	18,381,526
	Additions during the year	3,768,620	2,945,758
	Deductions during the year	301,678	428,362
	At the end of the year	**24,365,864**	**20,898,922**
	Depreciation		
	As at the beginning of the year	13,933,603	12,094,516
	Charge for the year	2,697,499	2,244,384
	Deductions during the year	285,853	405,297
	Depreciation to date	**16,345,249**	**13,933,603**
	Net Block	**8,020,615**	**6,965,319**
C.	**Capital Work in progress (Including Capital Advances)**	**720,509**	**669,884**
	Grand Total (A+B+C)	**15,275,545**	**10,630,342**

Includes buildings constructed on leasehold land at different places having original cost of ₹ 5,126,666 Thousands (Previous year ₹ 1,610,074 Thousands) and Written down value of ₹ 4,727,104 Thousands (Previous year ₹ 1,337,753 Thousands) with remaining lease period varying from 50 - 61 years.

SCHEDULE 11 - OTHER ASSETS

(₹ in Thousands)

		As on March 31, 2025	As on March 31, 2024
I.	Inter - office adjustments (net)	-	-
II.	Interest accrued	24,085,944	21,228,649
III.	Tax paid in advance/tax deducted at source (net of provision)	14,012,552	14,430,956
IV.	Stationery and stamps	18,943	18,754
V.	Non-banking assets acquired in satisfaction of claims	2,926	2,926
VI.	Deferred tax asset	-	173,445
VII.	Others #	121,621,579	148,432,179
Total		**159,741,944**	**184,286,909**
# Includes			
(a)	Priority sector shortfall deposits	84,574,562	112,344,840
(b)	Security deposits	3,319,684	3,034,944

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd..)

SCHEDULE 12 - CONTINGENT LIABILITIES (Refer Note 1.13 of Schedule 18)

(₹ in Thousands)

	As on March 31, 2025	As on March 31, 2024
I. Claims against the Bank not acknowledged as debts	19,963,023	25,086,176
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange contracts**	1,863,348,529	824,272,509
IV. Guarantees given on behalf of constituents		
a) In India	155,922,131	135,261,533
b) Outside India	-	-
V. Acceptances endorsements and other obligations	38,349,118	31,506,803
VI. Other items for which the Bank is contingently liable@	5,235,501	4,772,427
Total	**2,082,818,302**	**1,020,899,448**

** - Including Derivatives

@ - includes ₹ 3,391,759 Thousands (Previous year : ₹ 3,098,654 Thousands) being amount transferred to DEA Fund Cell, RBI and outstanding, as per RBI circular DBOD. No.DEAF Cell.BC.114/30.01.002/2013-14.

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

SCHEDULE 13 - INTEREST EARNED

(₹ in Thousands)

	Year ended March 31, 2025	Year ended March 31, 2024
I. Interest/discount on advances/bills	227,448,127	191,012,992
II. Income on investments (including dividend)	45,379,941	36,857,000
III. Interest on balances with Reserve Bank of India and other inter-bank funds	4,430,042	3,388,721
IV. Others*	3,802,671	4,396,041
Total	**281,060,781**	**235,654,754**

* - Includes interest on Income tax refunds amounting to ₹ 130,923 Thousands (Previous year ₹ 195,809 Thousands) accounted based on Assessment Orders received.

SCHEDULE 14 - OTHER INCOME

(₹ in Thousands)

	Year ended March 31, 2025	Year ended March 31, 2024
I. Commission exchange and brokerage	29,066,934	23,292,073
II. Profit on sale of investments (Net)	2,634,946	2,659,740
III. Profit / (Loss) on revaluation of investments (Net)	1,373,140	288,911
IV. Profit / (Loss) on sale of land, buildings and other assets (Net)	21,797	84,327
V. Profit on foreign exchange/derivative transactions (Net)	2,303,062	2,106,429
VI. Miscellaneous income**	3,841,826	3,733,283
Total	**39,241,705**	**32,164,763**

** - Includes Recoveries in assets written off ₹ 1,639,002 Thousands (Previous year ₹ 1,475,138 Thousands)

SCHEDULE 15 - INTEREST EXPENDED

(₹ in Thousands)

	Year ended March 31, 2025	Year ended March 31, 2024
I. Interest on deposits	154,111,859	126,990,906
II. Interest on Reserve Bank of India/ Inter bank borrowings	2,134,912	1,839,455
III. Others	20,065,966	16,116,352
Total	**176,312,737**	**144,946,713**

SCHEDULE 16 - OPERATING EXPENSES

(₹ in Thousands)

	Year ended March 31, 2025	Year ended March 31, 2024
I. Payments to and provisions for employees	35,452,061	31,856,697
II. Rent taxes and lighting	4,289,876	3,620,114
III. Printing and stationery	562,100	635,013
IV. Advertisement and publicity	552,140	420,638
V. Depreciation on group's property	2,884,492	2,339,498
VI. Directors' fees, allowances and expenses	95,237	53,467
VII. Auditors' fees and expenses (including branch auditors' fees and expenses)	63,065	62,848
VIII. Law charges	738,685	728,750
IX. Postage, telegrams, telephones, etc	1,995,575	1,562,316
X. Repairs and maintenance	1,756,618	1,292,886
XI. Insurance	3,545,130	3,117,651
XII. Other expenditure#	26,984,499	21,977,079
Total	**78,919,478**	**67,666,957**

- Includes Corporate Social Responsibility expenditure amounting to ₹ 802,164 Thousands (Previous year: ₹ 606,513 Thousands)

THE FEDERAL BANK LIMITED

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

1. Background

The Federal Bank Limited ('FBL' or the 'Bank') together with its subsidiaries and associates (collectively, the 'Group') is a diversified financial services group providing a wide range of banking and financial services including commercial banking, retail and corporate banking, project and corporate finance, working capital finance, insurance and treasury products and services. Operations of the Group are spread all over India. The Bank was incorporated on April 23, 1931 as Travancore Federal Bank Limited to cater to the banking needs of Travancore Province. It embarked on a phase of sustained growth under the leadership of Late K.P. Hormis. The Bank is a publicly held banking company governed by Banking Regulation Act, 1949, the Companies Act, 2013 and other applicable Acts/ regulations. The Bank also has its Digital Banking Unit at Kolkata, Representative Office at Abu Dhabi & Dubai and had set up an International Financial Service Centre (IFSC) Banking unit (IBU) in Gujarat International Finance Tec-City (GIFT City). IBU at Gift city is equivalent to an Offshore Banking unit, for all regulatory purposes.

2. Principles of consolidation

(i) The consolidated financial statements relate to the Bank, its subsidiary companies and the Group's share of Profit/Loss in its associates. The details of subsidiaries and associate entities are given below:

Name of the entity	Relationship	Country of Incorporation	Ownership held by	% of Holding and voting power either directly or indirectly through subsidiary as at	
				Mar 31, 2025	Mar 31, 2024
Fedbank Financial Services Limited (FFSL)	Subsidiary Company	India	The Federal Bank Limited	61.03*	61.58
Federal Operations and Services Limited (FOSL)	Subsidiary Company	India	The Federal Bank Limited	100.00	100.00
Ageas Federal Life Insurance Company Limited	Associate	India	The Federal Bank Limited	26.00	26.00
Equirus Capital Private Limited	Associate	India	The Federal Bank Limited	NA[$]	19.59

* During the year, The Fedbank Financial Services Limited has issued 3,329,955 number of equity shares of face value of ₹.10/- each, on exercise of options by employees, in accordance with the company's Employee Stock Option Scheme.

[$] During the year, Bank has sold 7,050,000 equity shares of Equirus Capital Private Limited (ECPL), an associate entity of the Bank. Following the sale, the shareholders' agreement between the Bank, ECPL, and the promoter of ECPL was terminated and ECPL ceased to be an associate entity of the Bank with effect from November 15, 2024.

(ii) The financial statements of the subsidiary companies and the financial statements of the associates have been drawn up to the same reporting date as that of the Bank, i.e. March 31, 2025.

(iii) The financial statements of the Bank and its subsidiary companies have been combined on a line-by-line basis as per AS 21, Consolidated Financial statements by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

(iv) The consolidated financial statements include the share of profit of the associate companies which have been accounted for using equity method as per AS 23 Accounting for Investments in Associates in Consolidated Financial Statements. Accordingly, the share of profit of the associate companies has been added to the cost of respective investment.

(v) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Bank's separate financial statements.

(vi) Differences in accounting policies followed by the subsidiaries and associates have been reviewed and no adjustments have been made, since the impact of these differences is not significant.

3. Basis of accounting and preparation of Consolidated Financial Statements

The Consolidated Financial Statements of the Bank and its subsidiaries and associates (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read together with the Companies (Accounting

THE FEDERAL BANK LIMITED

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

Standards) Rules, 2021 and other relevant provisions of the Companies Act, 2013 ("the Act"), circulars and guidelines issued by the RBI as applicable and current practices prevailing within the banking industry in India. Suitable adjustments are made to align with the format prescribed under the Third Schedule of Banking Regulation Act, 1949. The consolidated financial statements have been prepared on accrual basis under historical cost convention, except as otherwise stated. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year, except otherwise stated.

The financial statements of Fedbank Financial Services Limited are prepared in accordance with notified Indian Accounting Standards ('Ind-AS') prescribed under section 133 of the Act. However, the financial statements of the referred subsidiary used for consolidation purpose is a special purpose financial statements prepared in accordance with Generally Accepted Accounting Principles in India ('GAAP') and applicable Accounting Standards, to align with the format of the Bank's financial statements.

4. Use of estimates

The preparation of the consolidated financial statements in conformity with the generally accepted accounting principles in India requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosure of contingent liabilities as at the date of the financial statements and the reported revenues and expenses during the reporting period. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revisions to the accounting estimates are recognized prospectively in the current and future periods.

5. Significant accounting policies

5.1. Investments

The Bank

Classification

In accordance with the RBI guidelines, investments are categorized at the time of purchase as:

- Held to Maturity (HTM)
- Available for Sale (AFS)
- Fair Value Through Profit and Loss (FVTPL)
- Held for Trading (HFT)
- Investments in Subsidiaries, Associates and Joint Ventures

Under each of these categories, investments are further classified under six groups ('hereinafter called groups') - Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Investments in Subsidiaries/ Joint Ventures and Other Investments for the purposes of disclosure in the Balance Sheet.

Basis of Classification

(a) Securities that fulfil the following conditions are classified under Held to Maturity:

- The security is acquired with the intention and objective of holding it to maturity, i.e., the financial assets are held with an objective to collect the contractual cash flows; and
- The contractual terms of the security give rise to cash flows that are solely payments of principal and interest on principal outstanding (SPPI criterion') on specified dates

(b) Securities that meet the following conditions are classified under Available for Sale:

- The security is acquired with an objective that is achieved by both collecting contractual cash flows and selling securities; and
- the contractual terms of the security meet the 'SPPI criterion' as given above.

The bank, on initial recognition, may make an irrevocable election to classify an equity instrument that is not held with the objective of trading under AFS.

(c) Securities that do not qualify for inclusion in HTM or AFS are classified under Fair Value Through Profit and Loss.

(d) A separate category called Held for Trading has been created within FVTPL. Specific RBI guidelines for classifying investments under HFT category are followed.

(e) All investments in subsidiaries, associates and joint ventures are classified under a distinct category and kept separate from the other investment categories.

Transfer of securities between Categories

Transfer of securities between categories of investments is accounted as per RBI Guidelines.

Acquisition Cost

In determining the acquisition cost of the Investment:

- Transaction costs including brokerage and commission pertaining to acquisition of Investments are charged to the Profit and Loss Account.
- Broken period interest is charged to the Profit and Loss Account.
- Cost of investments is computed based on the weighted average cost method.

Subsequent Measurement

The investments are subsequently measured in accordance with the RBI Guidelines as follows:

Held to Maturity

- Securities held in HTM are carried at cost and not marked to market (MTM) after initial recognition. Any discount or premium on the securities under HTM is amortized over the remaining life of the instrument on a straight-line basis. The amortized amount is clubbed with interest income on investments in the Profit and Loss Statement.
- Gain / Loss on sale of investments is included in the Profit and Loss Account. The profit on sale of HTM investments is appropriated to Capital Reserve after adjustments for tax and transfer to Statutory Reserve in accordance with the RBI Guidelines.

Available for Sale

- The securities held in AFS are fair valued and valuation gains and losses across all performing investments, irrespective of classification held under AFS are aggregated. The net appreciation or depreciation is directly credited or debited to a reserve named AFS-Reserve without routing through the Profit & Loss Account.
- Any discount or premium on the acquisition of debt securities under AFS is amortized over the remaining life of the instrument on a straight-line basis. The amortized amount is included as part of interest income on investments in the Profit and Loss Statement.
- Upon sale or maturity of a debt instrument in AFS category, the accumulated gain/ loss for that security in the AFS-Reserve is transferred from the AFS-Reserve and recognized in the Profit and Loss Account.
- In the case of equity instruments designated under AFS at the time of initial recognition, any gain or loss on sale is transferred from AFS-Reserve to the Capital Reserve.

Fair Value Through Profit and Loss and Held for Trading

- The securities held in FVTPL and HFT are fair valued and the net gain or loss arising on such valuation is directly credited or debited to the Profit and Loss Account.
- Any discount or premium on the acquisition of debt securities that meet the SPPI criteria and are classified under FVTPL and HFT are amortised over the remaining life of the instrument on a straight-line basis. The amortized amount is included as part of interest income on investments in the Profit and Loss Statement.

Investments in Subsidiaries, Associates and Joint Ventures

- All investments (i.e., including debt and equity) in subsidiaries, associates and joint ventures are held at acquisition cost.
- Any discount or premium on the acquisition of debt securities of subsidiaries, associates and joint ventures are amortized over the remaining life of the instrument on a straight-line basis. The amortized amount is clubbed with interest income on investments in the Profit and Loss Statement.
- Any gain/ profit arising on the reclassification/ sale of an investment in a subsidiary, associate or joint venture is first recognized in the Profit and Loss Account and then transferred to the 'Capital Reserve Account'.

Fair Value of Investments

a. The 'market value' for quoted securities shall be the prices declared by the Financial Benchmark India Pvt. Ltd. (FBIL). For securities whose prices are not published by FBIL, market price of quoted security shall be as available from the trades/ quotes on the stock exchanges/ reporting platforms/trading platforms authorized by RBI/SEBI and prices declared by the Fixed Income Money Market and Derivatives Association of India (FIMMDA).

b. Treasury Bills, Commercial paper and Certificate of Deposits being discounted instruments, are valued at carrying cost.

c. Units of Mutual Funds are valued at the latest repurchase price/net asset value declared by Association of Mutual Funds in India (AMFI).

d. Market value of investments where current quotations are not available, is determined as per the norms prescribed by the RBI as under:

   - The market price is derived based on the Yield to Maturity (YTM) for Government Securities as published by FBIL and suitably marked up for credit risk published by FIMMDA applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each category and credit ratings along with residual maturity issued by FIMMDA are adopted for this purpose.

THE FEDERAL BANK LIMITED

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

- Pass Through Certificates ('PTC') including Priority Sector PTCs are valued as per extant FIMMDA guidelines
- In case of bonds and debentures (including Pass Through Certificates or PTCs) where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI.
- Equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at ₹ 1/- per company based on the stipulated norms as per RBI circular.
- For unquoted preference shares, valuation shall be done on Yield to Maturity (YTM) basis with appropriate mark-up over the YTM rates for central government securities of equivalent maturity put out by FBIL subject to such preference share not being valued above its redemption value. Mark up shall be done as per the RBI guidelines.
- Units of Venture Capital Funds (VCF) where current quotations are not available are marked to market based on the Net Asset Value (NAV) as disclosed by the Alternative Investment Fund (AIF). . Where AIF fails to carry out and disclose the valuation of its investments by an independent valuer as per the frequency mandated by SEBI (Alternative Investment Fund) Regulations, 2012, the value of its units shall be treated as ₹ 1. In case AIF is not registered under SEBI (Alternative Investment Fund) Regulations, 2012 and the latest disclosed valuation of its investments by an independent valuer precedes the date of valuation by more than 18 months, the value of its units shall be treated as ₹ 1.
- Investments in Security Receipts are valued as per the latest NAV obtained from issuing Asset Reconstruction Companies, subject to floor provision requirements as per the extant asset classification and provisioning norms as applicable to the underlying loans as per RBI guidelines.

e. The Bank follows settlement date method of accounting for purchase and sale of investments.

f. Non-Performing Investments are identified and valued based on RBI Guidelines. Provision for depreciation on non-performing investments is not offset against the appreciation in respect of other performing securities. Interest on non-performing investments is not reckoned in Profit and Loss Account until it is received.

Conversion of principal and unpaid interest into debt, preference or equity shares

In cases of conversion of principal and unpaid interest into debt, preference or equity instruments, RBI guidelines are followed for accounting and valuation of such instruments.

Repurchase and Reverse Repurchase Transactions

In accordance with the RBI guidelines, repurchase (Repo) and reverse repurchase (Reverse Repo) transactions in government securities and corporate debt securities including those conducted under the Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI are accounted as collateralised borrowing and lending respectively. Balance in Repo Account is classified under Schedule 4 -Borrowings. Balance in Reverse Repo account with RBI is classified under Schedule 6 (II) (ii) - Balance with RBI in Other accounts. Other balances in Reverse Repo Accounts with original tenor of 14 days or less are classified under Schedule 7 -Balance with Banks and Money at call & short notice. While Reverse Repos with original maturity more than 14 days are classified under Schedule 9 -Advances. Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions is accounted as interest income.

Short Sales

In accordance with the RBI guidelines, the Bank undertakes short sale transactions in Central Government dated securities. The Short Sales positions are reflected in 'Securities Short Sold ('SSS') A/C, specifically created for this purpose. The short position is categorised under HFT category and netted off from investments in the Balance Sheet. These positions are marked –to-market and resultant gains/losses are accounted for as per the relevant RBI guidelines for valuation of Investments discussed earlier.

Fedbank Financial Services Limited

Basis of Classification

a. Held to Maturity (HTM): The security is acquired with the intention and objective of holding it to maturity, i.e., the financial assets are held with an objective to collect the contractual cash flows; and the contractual terms of the security give rise to cash flows that are solely payments of principal and interest on principal outstanding ('SPPI criterion') on specified dates

b. Available for Sale (AFS): The security is acquired with an objective that is achieved by both collecting contractual cash flows and selling securities; and the contractual terms of the security meet the 'SPPI criterion' as given above.

c. Fair Value Through Profit and Loss (FVTPL): Securities that do not qualify for inclusion in HTM or AFS shall be classified under FVTPL.

Valuation of Investments:

a. Held to Maturity (HTM)-Securities held in HTM are carried at cost and not marked to market (MTM) after initial recognition. Any discount or premium on the securities under HTM is amortized over the remaining life of the instrument on a straight-line basis. The amortized amount is clubbed with interest income on investments in the Profit and Loss Statement. Gain / Loss on sale of investments is included in the Profit and Loss Account.

b. Available for sale (AFS)-The securities held in AFS are fair valued and valuation gains and losses across all performing investments, irrespective of classification held under AFS are aggregated. The net appreciation or depreciation is directly credited or debited to a reserve named AFS-Reserve without routing through the Profit & Loss Account. Upon sale or maturity of a debt instrument in AFS category, the accumulated gain/ loss for that security in the AFS-Reserve is transferred from the AFS-Reserve and recognized in the Profit and Loss Account.

c. Fair Value Through Profit and Loss (FVTPL) -The securities held in FVTPL are fair valued and the net gain or loss arising on such valuation is directly credited or debited to the Profit and Loss Account.

Settlement date method of accounting is followed for purchase and sale of investments.

Federal Operations and Services Limited

a. Investments that are readily realizable and intended to be held for not more than a year are classified as Current Investments. All other investments are classified as Long-Term Investments.

b. Investments held as long-term investments are carried at cost comprising of acquisition and incidental expenses. Provision for diminution in value of investments, if any, is made if in the opinion of management, such diminution is other than temporary. Investments other than long-term investments are classified as current investments and valued at lower of cost or fair value.

5.2. Advances

The Bank

Classification

Advances are classified into Standard Assets and Non-Performing Assets ('NPAs') as per the RBI guidelines and are stated net of bills rediscounted, inter-bank participation certificates issued with risk sharing, specific provisions made towards NPAs, floating provisions and unrealized interest on NPAs. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria as per Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances (IRAC) issued by RBI. Interest on Non-Performing advances is transferred to an unrealized interest account and not recognized in Profit and Loss Account until received.

Provisioning

The Bank has made provision for Non-Performing Assets as stipulated under Reserve Bank of India (RBI) norms. As per the Board approved policy, in addition to the minimum provisioning requirement as prescribed by RBI, for certain identified schematic advances, an accelerated provision for non-performing advances are made based on the day past due (DPD) of the loan. Additionally, the Bank creates account specific provision for certain corporate loans based on the management's assessment of the extent of impairment, over and above the minimum provisioning requirement prescribed by the RBI.

Non-performing advances are written-off in accordance with the Bank's policy. Amounts recovered against debts written off are recognised in the Profit and Loss Account and included under "Other Income". In compromise settlements where the bank incurs /sanctions a write off above the existing NPA provision, the bank shall create an additional provision equal to the write off amount (over and above the existing provision) subject to a maximum of 100% provisioning.

The Bank maintains general provision for standard assets including credit exposures computed as per the current marked to market values of interest rate and foreign exchange derivative contracts, in accordance with the guidelines and at levels stipulated by RBI from time to time. The Provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

In addition to the above, the Bank on a prudent basis makes provisions on advances or exposures which are not NPAs, but it has reasons to believe on the basis of the extant environment or specific information or basis regulatory guidance / instructions, of a possible slippage of a specific advance or a group of advances or exposures or potential exposures.

For restructured assets, provision is made in accordance with the guidelines issued by the RBI. In respect of loans and advances subjected to restructuring under the Prudential Framework, the account is upgraded to standard only after the specified period/ monitoring period, subject to satisfactory performance of the account during the period.

The Bank makes additional provisions as per RBI's guidelines on 'Prudential Framework on Resolution of Stressed Assets' dated June 7, 2019 on accounts in default and with aggregate exposure above the threshold limits as laid down in the said framework where the resolution plan is not implemented within the specified timeline.

THE FEDERAL BANK LIMITED

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

Additional provision for restructured accounts as per the relevant restructuring scheme announced by RBI for Micro, Small and Medium (MSME) sector, accounts affected by natural calamities and as per COVID 19 resolution frameworks are made as per extant RBI guidelines.

Provision for Unhedged Foreign Currency Exposure (UFCE) of borrower entities is made in accordance with the guidelines issued by RBI, which requires the Bank to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskiness of unhedged position of those entities. The Provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

The Bank makes additional provisions on loans to specific borrowers in specific stressed sectors, provision on incremental exposure to borrowers identified as per RBI's large exposure framework and on projects where Date of Commencement of Commercial Operations is delayed, as per RBI guidelines.

In respect of borrowers classified as non-cooperative and wilful defaulters, the Bank makes accelerated provisions as per extant RBI guidelines.

Loans reported as fraud are classified as loss assets, and fully provided immediately without considering the value of security.

Fedbank Financial Services Limited

Advances are classified as Standard Assets or Non-performing Assets and Provisions required are made as per the guidelines of the Reserve Bank of India on matters relating to Prudential Norms as applicable to "Non-Banking Financial Company - Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023.

For gold loans, the Company may roll over/ repledge the overdue loan into a fresh loan, provided –

- the customer brings in additional margin in the form of gold or cash to meet the LTV margin requirements as per RBI guidelines; or
- if the revalued collateral value of the gold is adequate to meet the LTV margin requirements as per RBI guidelines.

Over and above the DPD based provision, the Company also carries overlays for provision basis assessment of future credit risk. The estimate of such management overlay provision to be carried in the books is reviewed & assessed on a quarterly basis.

5.3. Securitisation and transfer of assets

The Bank

The Bank enters into purchase of corporate and retail loans through direct assignments route and the same is accounted as per extant RBI guidelines.

The Bank transfers advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating; the aggregate amount of participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from Banks under advances.

In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e., book value less provisions held), the shortfall is charged to the Profit and Loss Account and if the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received. Further, such reversal shall be limited to the extent to which cash received exceeds the net book value of the loan at the time of transfer as per RBI guideline.

Fedbank Financial Services Limited

The Company transfers advances with risk to transferee. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Company is reduced from advances.

In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e., book value less provisions held), the shortfall is charged to the Profit and Loss Account and if the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received. Further, such reversal shall be limited to the extent to which cash received exceeds the net book value of the loan at the time of transfer as per RBI guideline.

5.4. Country risk

The Bank

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country). The countries are categorized into seven risk categories namely insignificant, low, moderately low, moderate, moderately high, high, very high as per Export Credit Guarantee Corporation of India Limited (ECGC) guidelines and provision is made in respect of the country where the net funded exposure is 1% or more of the Bank's total funded assets.

5.5. Priority Sector Lending Certificates (PSLC)

The Bank

The Bank vide RBI circular FIDD.CO.Plan.BC.23/ 04.09.01/2015-16 dated April 7, 2016, trades in priority sector portfolio by selling or buying PSLC. In the case of a sale

transaction, the Bank sells the fulfillment of priority sector obligation and in the case of a purchase transaction the Bank buys the fulfillment of priority sector obligation through RBI trading platform. There is no transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the fee received from the sale of PSLCs is treated as 'Other Income'.

5.6. Transactions involving foreign exchange

The Bank

In respect of domestic operations:

- Foreign currency income and expenditure items are translated at the exchange rates prevailing on the date of the transaction.
- Foreign currency monetary items are translated at the closing exchange rates notified by Foreign Exchange Dealers Association of India (FEDAI) as at the Balance sheet date.
- The resulting net valuation profit or loss is recognized in the Profit and Loss Account.

In respect of Non-Integral Foreign Branches:

- Income and expenditure items are translated at quarterly average closing rates.
- Both Monetary and Non- Monetary foreign currency Assets and liabilities are translated at closing exchange rates notified by Foreign Exchange Dealers Association of India (FEDAI) at the Balance Sheet date.
- The resulting profit/loss arising from exchange differences are accumulated in Foreign Currency Translation Reserve until remittance or the disposal of the net investment in the non-integral foreign operations in accordance with AS-11 'The Effect of changes in Foreign Exchange Rate' as notified under the Act. Any realised gains or losses on such disposal are recognised in the Profit and Loss Account.

Valuation of Foreign Exchange Spot and Forward Contracts:

- Foreign exchange spot and forward Contracts (Other than the forwards / swaps marked under Funding category) outstanding as at the Balance Sheet date are revalued at the closing Spot and Forward Rates respectively as notified by FEDAI and at interpolated / extrapolated rates for contracts of interim maturities.
- For valuation of contracts having longer maturities i.e. greater than one year, the forward points (for rates/ tenures not published by FEDAI) are obtained from Reuters for valuation of the FX Deals.
- As per directions of FEDAI, the profit or loss is considered on present value basis by discounting the forward profit or loss till the valuation date using discounting yields. The resulting profit or loss on valuation is recognized in the Profit and Loss Account.

Foreign exchange swaps taken for funding purposes is amortized and recognized as interest income / interest expense in the Profit and Loss Account.

Contingent liabilities on account of foreign exchange contracts, guarantees, letters of credit, acceptances and endorsements are reported at closing rates of exchange notified by FEDAI as at the Balance Sheet date.

Fedbank Financial Services Limited

Foreign currency income and expenditure items are translated at the exchange rates prevailing on the date of the transaction. Foreign currency monetary items are translated at the closing exchange rates notified by Foreign Exchange Dealers Association of India (FEDAI) as at the Balance sheet date. The resulting net valuation profit or loss is recognized in the Statement of Profit and Loss.

5.7. Derivative transactions

The Bank

The Bank recognizes all derivative contracts at fair value, on the date on which the derivative contracts are entered into and are re-measured at fair value as at the Balance sheet or reporting dates. Derivatives are classified as assets when the fair value is positive (Positive marked-to-market) or as liabilities when the fair value is negative (negative marked-to-market). Changes in the fair value of derivatives are recognized in the Profit and Loss Account. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of the transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge derivative transactions are accounted for in accordance with the hedge accounting principles. When applying fair value hedge accounting, the hedging instrument and hedged items are measured at fair value with changes in fair value recognised in the Profit and Loss Account.

In case of cash flow hedge, the hedging instrument is measured at fair value, but any gain or loss that is determined to be an effective hedge is recognised in Reserves and Surplus under cash flow hedge reserve and ineffective portion of an effective hedging relationship, if any, is recognised in the Profit and Loss Account. In order to match the gains and losses of the hedged item and the hedging instrument in Profit and Loss Account, the changes in fair value of the hedging instrument recognised in cash flow hedge reserve is transferred from cash flow hedge reserve and recognised in Profit and Loss Account

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at the same time that the impact from the hedged item is recognised in the Profit and Loss Account.

Fedbank Financial Services Limited

The Company recognizes all derivative contracts at fair value, on the date on which the derivative contracts are entered into and are re-measured at fair value as at the Balance sheet or reporting dates. Derivatives are classified as assets when the fair value is positive (Positive marked-to-market) or as liabilities when the fair value is negative (negative marked-to-market). Changes in the fair value of derivatives are recognized in the Statement of Profit and Loss.

5.8. Revenue Recognition

The Bank

- Interest income is recognised in the Profit and Loss Account on an accrual basis in accordance with AS – 9, 'Revenue Recognition' as notified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounting Standards) Rules, 2021 and the RBI guidelines, except interest income on non-performing assets which is recognised upon receipt basis as specified in RBI guidelines.
- Interest on income tax refund is recognised in the year of receipt of Assessment Orders.
- The recoveries made from NPA accounts are appropriated based on "first in first out" policy; i.e. the earliest entry shall be realized first. If different entries are made in the account on the same day, the realization shall be in the order of charges, interest, and principal.
- Processing fees collected on loans disbursed, along with related loan acquisition costs are recognised at inception/ renewal of the loan.
- Income on discounted instruments is recognised over the tenure of the instrument on a straight-line basis.
- Guarantee commission, commission on letter of credit and annual locker rent fees, are recognised on a straight-line basis over the period of contract. Other fees and commission income are recognised when due, except in cases where the Bank is uncertain of ultimate collection.
- Dividend on Equity Shares and Preference Shares is recognised as income when the right to receive the dividend is established.
- Loan Syndication fee is accounted for on completion of the agreed service and when right to receive is established.
- In compromise settlement cases, sacrifice on settlement is accounted upfront.
- Unpaid funded interest on term loans are accounted on realisation as per the guidelines of RBI.
- The difference between the sale price and purchase cost of bullion received on consignment basis is included in other income. The Bank also deals in bullion on a borrowing and lending basis and the interest paid/ received is accounted on an accrual basis.
- Gain/loss on sell down of loans and advances through direct assignment is recognised at the time of sale.
- In respect of non-performing assets acquired from other Banks / FIs and NBFCs, collections in excess of the consideration paid at each asset level or portfolio level is treated as income in accordance with RBI guidelines and clarifications.

Fedbank Financial Services Limited

- Revenue is recognized as and when it is earned, and no significant uncertainty exists as to its realization or collection.
- Interest Income is recognized on accrual basis, except in case of interest on non-performing assets which are recognized on receipt basis in accordance with " Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023" and the Accounting Standards specified under Section 133 of the Companies Act,2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and the guidelines issued by the Reserve Bank of India as applicable to a NBFC-ND-SI. Overdue charges are recognized when the Company is certain of its realization.
- Interest on securities is accounted for on accrual basis except where the ultimate collection cannot be established with reasonable certainty.
- Processing Fees are recovered and recognised at the time of disbursement of loan.
- Penal interest income and other charges (like bouncing charges, foreclosure charges etc.) levied are recognized upon realisation basis.

Federal Operations and Services Limited

- Revenue from Operations is recognized as and when services are rendered, as per the terms of Master Service Agreement entered into by the company.
- Other Income
  a. Interest income is recognised on accrual basis using effective interest rate method.

b. Other incomes are recognised on accrual basis except when there are significant uncertainties.

5.9. Fixed assets and depreciation / amortization

The Bank

Fixed assets are carried at cost of acquisition less accumulated depreciation, amortization and impairment, if any. Cost includes cost of purchase and all expenditure like freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset before it is ready to use. Taxes like GST paid on Fixed assets wherever eligible are availed as ITC as per GST rules. Subsequent expenditure incurred on assets put to use is capitalized only when it increases the future economic benefit / functioning capability from / of such assets.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and includes advances paid to acquire fixed assets.

Depreciation on fixed assets, including amortisation of software, is charged over the estimated useful life of fixed assets on straight-line basis from the date of addition, except as mentioned below.

- Premises are depreciated under the written down value method, using the same useful life as in Schedule II of the Companies Act, 2013. Improvements to leased Premises are depreciated over lower of lease term or 5 years based on technical evaluation.
- Depreciation on premises revalued has been charged on their written-down value including the addition made on revaluation.
- Assets individually costing ₹ 2,000/- or less are fully depreciated in the year of purchase.

The management believes that the useful life of assets assessed by the Bank, pursuant to Part C of Schedule II to the Companies Act, 2013, taking into account changes in environment, changes in technology, the utility and efficacy of the asset in use, fairly reflects its estimate of useful lives of the fixed assets. The estimated useful lives of key fixed assets are given below:

Asset	Estimated useful life as assessed by the Bank	Estimated useful life specified under Schedule II of the Companies Act, 2013
Premises	60 Years	60 Years
Electric equipment and installations	10 Years	10 Years
Furniture and fixtures	10 Years	10 Years
Motor Cars	5 Years*	8 Years
Servers, Firewall & Network Equipment	6 Years	6 Years
ATM / CDM / Recyclers etc.	5 Years	15 Years
Currency Sorting Machines	5 Years	5 Years
Office equipments	5 Years	5 Years
Computer hardware	3 Years	3 Years
Modem, scanner, routers, etc.	3 Years	6 Years

* The useful life of motor cars has been revised from 8 years to 5 years, effective from April 01, 2024.

Software is depreciated over a period of 3 to 5 years and eligible Cost of license is capitalised and amortized over the license period.

Depreciation on assets sold during the year is recognized on a pro-rata basis till the date of sale. Gain or losses arising from the retirement or disposal of Fixed Assets are determined as the difference between the net disposal proceeds and the carrying amount of assets and recognized as income or expense in the Profit and Loss Account. Further, Profit on sale of premises is appropriated to Capital Reserve account (Net of applicable taxes and transfer to statutory reserves) in accordance with RBI guidelines.

Whenever there is a revision of the estimated useful life of an asset, the unamortized depreciable amount is charged over the revised remaining useful life of the said asset.

Fedbank Financial Services Limited

- Tangible Assets are carried at their cost of acquisition less accumulated depreciation and impairment losses, if any. Cost Includes freight, duties, taxes and other incidental expenses and expenses on installation of the assets.
- Depreciation/amortization on assets is charged based on the useful life of the assets as prescribed under Schedule II of the Companies Act, 2013.

Asset Type	Useful Life (In Years)	Method	Rate of Depreciation (%)
Computer Equipment's	3	SLM	31.67
Server	6		15.83
Office Equipment's	5	WDV	45.08
Vehicles - Cars	8		31.24
Furniture & Fixtures	10		25.88

- Lease hold improvements are being amortized over the period of lease.

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- Intangible assets include computer software which are carried at cost of acquisition less accumulated amortization and amortized on Straight Line Method (SLM) basis over the estimated useful lives of 3 years on a pro rata basis.

Federal Operations and Services Limited

- Property, Plant and Equipments are stated at cost less accumulated depreciation and impairment in value if any. Cost includes purchase price, (inclusive of import duties and non - refundable purchase taxes, after deducting trade discounts and rebates), other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

- When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components). The cost of replacement spares/ major inspection relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

- On disposal of an item of property, plant and equipment, the differences between the disposal proceeds and its carrying amount is recognised in the Statement of Profit and Loss. The residual values, useful life and method of depreciation of property, plant and equipment are reviewed at each financial year and adjusted prospectively, if appropriate. Capital work in progress comprises of the cost of fixed asset that are not yet ready for their intended use at the reporting date.

- Intangible assets are recorded at the cost of acquisition of such assets and are carried at cost less accumulated depreciation and impairment, if any.

- Depreciation is provided on Written Down Value Method in accordance with Schedule II of the Companies Act, 2013. The useful life adopted is as prescribed under Schedule II of the Companies Act 2013, except for the following assets for which a different useful life has been adopted on the basis of technical evaluation/ management estimate, based on a review by the management at the year end:-

  a) The cost of lease holds improvements are amortised on a straight-line basis over the lease period.

  b) Cost of license is capitalised as intangible asset and amortized over the license period. Also, the cost of software is capitalised as intangible asset and amortised on a straight-line basis over the useful life of 5 years.

  c) Assets individually costing ₹ 2,000/- or less are fully depreciated in the year of purchase.

5.10.Impairment of Assets

Group

The Group assesses at each Balance Sheet date whether there is any indication that an asset is impaired. Impairment loss, if any, is provided in the profit and Loss account to the extent the carrying amount of assets exceeds their estimated recoverable amount.

5.11.Non-Banking Assets acquired in Satisfaction of Claims

The Bank

Non-Banking assets acquired in settlement of debts / dues are accounted at the lower of their cost of acquisition or net realizable value.

5.12.Lease transactions

Operating Lease

The Group

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognized as an expense in the Profit and Loss Account as per the lease terms in accordance with the AS-19, Leases. Initial direct costs in respect of operating leases such as legal costs, brokerage costs, etc. are recognized as expense immediately in the Profit and Loss Account.

5.13.Employee benefits

The Bank

Defined Contribution Plan

a) Provident Fund

Employees covered under contributory provident fund scheme are entitled for retirement benefit in the form of provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid on retirement, death, incapacitation, or termination of employment. Both the employee and the Bank contribute at specific rates of the salary to the provident fund account maintained with the Federal Bank (Employees') Provident Fund Trust. The contribution paid/payable by the Bank to The Federal Bank (Employees') Provident Fund Trust, administered by the trustees, is charged to the Profit and Loss Account.

b) National Pension System ('NPS')

In respect of employees who are covered under NPS, the Bank contributes certain percentage of the sum of basic salary and dearness allowance of employees to the aforesaid scheme, a defined contribution plan,

which is managed and administered by pension fund management companies and regulated by Pension Fund Regulatory and Development Authority (PFRDA). NPS contributions are recognised in the Profit and Loss Account in the period in which they accrue. The Bank has no liability other than its contribution and recognises such contributions as an expense in the year incurred.

Defined Benefit Plan

a) Pension Fund

Employees covered under pension scheme are entitled to get pension benefits, which is a defined benefit plan. The Bank contributes at specific rates of the salary to the Federal Bank (Employees') Pension Fund Trust set up by the Bank and administered by the Trustees. Additional amount being the liability shortfall as ascertained by an independent actuary, contributed towards The Federal Bank Employees' Pension Fund, is determined on actuarial basis on projected unit credit method as on the Balance Sheet dates. The contribution paid/payable by the Bank to Federal Bank Employees' Pension Fund is charged to the Profit and Loss Account.

b) Gratuity

All employees of the Bank are entitled for gratuity benefits, which is a defined benefit plan. The Bank makes contributions to The Federal Bank Employees' Gratuity Trust Fund, which is administered and managed by the Trustees. Liabilities with regard to the gratuity plan are determined by Actuarial valuation as on the Balance Sheet date, based upon which, the Bank contributes all the ascertained liabilities to the Federal Bank Employees' Gratuity Trust Fund. The contribution paid/payable by the Bank to the Federal Bank Employees' Gratuity Trust Fund is charged to the Profit and Loss Account.

Other Employee Benefits

Compensation for absence on Privilege / Sick / Casual Leave / Leave Travel Concession (LTC) & other Short-term employee benefits

The employees of the Bank are entitled to compensated absence on account of privilege / sick / casual leave as per the leave rules. The Bank measures the long term expected cost of compensated absence as a result of the unused entitlement that has accumulated at the balance sheet date based on actuarial valuation and such costs are recognized in the Profit and Loss Account.

The employees are also eligible for LTC as per the rules. The estimated cost of unused entitlement as on the Balance Sheet date based on actuarial valuation is provided for.

The undiscounted amount of Short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period when the employees render the service. These benefits include performance incentives.

Fedbank Financial Services Limited

a) Defined Contribution Plan

The Company has defined contribution plans for employees comprising of Provident Fund and Employee State Insurance. The contributions paid/payable to these plans during the year are charged to Statement of Profit and Loss for the year.

b) Defined Benefit Plan

Payment of gratuity to employees is covered by the "Exide Life Group Gratuity Unit Linked Scheme" of the Exide life Insurance Company Limited, which is a defined benefit scheme and the company, makes contribution under the said scheme. The net present value of the obligation for gratuity benefits as determined on the independent actuarial valuation, conducted annually using the projected unit credit method, as adjusted for unrecognised past service cost if any and as reduced by the fair value of planned asset is recognized in the accounts. Actuarial gains and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur.

c) Other Long Term Employee Benefits

The company has a scheme for compensated absences for employees, the liability of which is determined on the basis of an independent actuarial valuation carried out at the end of the year, using the projected unit credit method. Actuarial gains and losses are recognised in full in the Statement of Profit and Loss for the period in which they occur.

d) Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and the undiscounted amounts are recognized as expenses in the Statement of Profit and Loss of the year in which the related services are rendered.

Federal Operations and Services Limited

a) Defined Contribution Plan

The Company has defined contribution plans for employees comprising of Provident Fund and Employee State Insurance and labour welfare fund. The contributions paid/payable to these plans during the year are charged to Statement of Profit and Loss for the year.

b) Defined Benefit Plan

The Company pays gratuity, a defined benefit plan, to employees who retire or resign. The company provides gratuity to the eligible employees as a terminal benefit. These liabilities are determined on actuarial valuation, conducted annually using projected unit credit method

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at balance sheet date. Actuarial gains and losses are recognised in full in the Statement of Profit and Loss for the period in which they occur.

c) Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and the undiscounted amounts are recognized as expenses in the Statement of Profit and Loss of the year in which the related services are rendered.

5.14.Employee Stock Option Scheme

The Bank

The Bank has formulated Employee Stock Option Scheme (ESOS) 2010 & Employee Stock Option Scheme (ESOS) 2017 & Employee Stock Option Scheme 2023 (ESOS 2023), and the same is in consonance as per the provisions and requirements under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. The Schemes provided for grant of options to Employees and whole time Directors of the Bank to acquire Equity Shares of the Bank that vest in a graded manner and that are to be exercised within a specified period.

In accordance with the SEBI Guidelines and the Guidance Note on "Accounting for Share-based payments" issued by the ICAI, the Bank follows 'Intrinsic value method' for accounting of ESOS based on which, the excess, if any, of the closing market price of the share on the date preceding the date of grant of the option under ESOS over the exercise price of the option is amortized on a straight line basis over the vesting period.

The market price is the latest available closing price, prior to the date of grant, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

However, the stock options granted to Material risk takers, after March 31, 2021 are accounted as per 'Fair value method' using Black-Scholes model, which is recognized as compensation expense over the vesting period in line with extant RBI guidelines.

Employee Stock Incentive Scheme

The Bank has formulated the Federal Bank Limited Employee Stock Incentive Scheme 2023 (ESIS 2023) in accordance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI Regulations") and other applicable laws. The Scheme provided for grant of options to Employees and whole time Directors of the Bank to acquire Equity Shares of the Bank that vest in a graded manner and that are to be exercised within a specified period.

Stock options under this scheme are granted at face value of shares. Options granted under this scheme are accounted as per 'Fair value method' using Black-Scholes model in accordance with the SEBI Guidelines and the Guidance Note on "Accounting for Share-based payments" issued by the ICAI.

Fedbank Financial Services Limited

Stock options granted to employees under the stock option schemes are accounted using the intrinsic value method prescribed in the Guidance Note on Employees Share Based Payments issued by The Institute of Chartered Accountants of India. The intrinsic value of the option being excess of market value of the underlying share immediately prior to date of grant over its exercise price is considered as deferred employee compensation. The expense on deferred employee compensation is recognized in Profit and Loss Account on straight line basis over the vesting period of the option. The options that lapse are reversed by a credit to expense, equal to the amortized portion of value of lapsed portion.

5.15.Debit and Credit card reward points

The Bank

The Bank runs a loyalty program which seeks to recognize and reward customers based on their relationship with the Bank. Under the program, eligible customers are granted loyalty points redeemable in future, subject to certain conditions. The Bank estimates the probable redemption of such loyalty/ reward points using an actuarial method on a quarterly basis by employing independent actuary, which includes assumptions such as mortality, redemption, spends, discount rate, value of reward points etc. Provision for said reward points is then made based on the actuarial valuation report as furnished by the said independent Actuary and such costs are recognized in the Profit and Loss Account and liabilities on the outstanding reward points as at the Balance Sheet date is included in 'Others' under Schedule 5 - Other liabilities and provisions.

5.16. Taxation

Group

Income tax expense is the aggregate amount of current tax and deferred tax charge.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws. Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences.

Deferred tax assets are recognized for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realize the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Group has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred taxes relating to items directly recognized in reserves are adjusted in reserves and not in Profit and Loss Account.

5.17.Input Credit under GST

Group

Goods & Service tax input credit is accounted for in the books within the time limit prescribed under CGST Rules, 2017, as amended.

5.18.Share issue expenses

Group

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

5.19.Corporate Social Responsibility

Group

Expenditure towards Corporate Social Responsibility, in accordance with Companies Act, 2013 is recognized in the Profit and Loss Account.

5.20.Earnings per Share

Group

The Group reports basic and diluted earnings per share in accordance with Accounting Standard 20 - "Earnings per Share", issued by the ICAI, as prescribed under Section 133 of the Companies Act, 2013 read together with the Companies (Accounting Standards) Rules, 2021. Basic earnings per share is computed by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year except where the results are anti-dilutive. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, and share split and a reverse share split

5.21.Provisions, contingent liabilities, and contingent assets

Group

In accordance with Accounting Standard - 29 "Provisions, Contingent Liabilities and Contingent Assets" issued by ICAI, as notified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounting Standards) Rules, 2021, a provision is recognized when the group has a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on management best estimate required to settle the obligation at the Balance Sheet date, supplemented by experience of similar transactions. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits will be be required to settle the obligation, the provision is reversed.

No provision is recognized and a disclosure of contingent liability is made when there is:

I. a possible obligation arising from a past event and , the existence of which will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group; or

II. a present obligation arising from a past event which is not recognized because:

   a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   b) a reliable estimate of the amount of the obligation cannot be made.

The group does not expect the outcome of these contingencies to have a materially adverse effect on its financial results.

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No provision or disclosure is made when there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote.

Contingent assets, if any, are not recognized nor disclosed in the financial statements since this may result in the recognition of income that may never be realized. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

Further in the case of **Fedbank Financial Services Limited-**

Secured/Unsecured Loans are classified/ provided for, as per the management's best estimates, subject to the minimum provision required as per Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023.

5.22.Segment information

Group

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per guidelines issued by RBI.

5.23.Accounting for Dividend

Group

In terms of Accounting Standard 4 -"Contingencies and Events occurring after the Balance sheet date" issued by the ICAI, as notified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounting Standards) Rules, 2021, Proposed Dividend or Dividend declared after balance sheet date are not shown as liability in current year balance sheet. This is disclosed in the notes to accounts. The same is recognized in the year of actual payout post approval of shareholders. However, the Group reckons proposed dividend in determining capital funds in computing the capital adequacy ratio.

5.24.Cash and Cash Equivalents

Group

Cash and cash equivalents include cash in hand, balances with Reserve Bank of India and Balances with Other Banks / institutions and money at call and short notice (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency).

THE FEDERAL BANK LIMITED

SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

Amounts in Notes to Accounts forming part of the Consolidated Financial Statements for the year ended March 31, 2025 are denominated in ₹ Crore to conform to extant RBI guidelines except where stated otherwise.

1.1. Share Capital

A. Equity Issue

During the year, the Bank has allotted 20,477,127 (previous year 15,991,113) equity shares consequent to exercise of ESOS vested. Accordingly, the share capital increased by ₹ 4.10 Crore (previous year ₹ 3.20 Crore) and share premium account increased by ₹ 161.23 Crore (previous year ₹ 143.73 Crore).

During the previous year, the Bank had issued 230,477,634 equity shares of ₹ 2 each for cash pursuant to a Qualified Institution Placement (QIP) as per the relevant provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 at ₹ 131.90 per share aggregating to ₹ 3,040.00 Crores (including share premium). This resulted in an increase of ₹ 46.10 Crores in share capital and ₹ 2,954.17 Crores (net of issue expenses) in share premium account.

During the previous year, Bank had issued 72,682,048 equity shares of ₹ 2 each for cash pursuant to a preferential allotment as per the relevant provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 at ₹ 131.91 per share aggregating to ₹ 958.75 Crore (including share premium). This resulted in an increase of ₹ 14.53 Crore in share capital and ₹ 943.62 Crore (net of share issue expenses) in share premium account.

B. Subscribed and paid up capital includes:

(i) 16,590 equity shares of ₹ 2 /- each (previous year 16,590 equity shares of ₹ 2/- each) issued for consideration other than cash.

(ii) 24,247,016 underlying equity shares of ₹ 2/- each (previous year 24,656,664 equity shares of ₹ 2/- each) held by custodian on behalf of holders of Global Depository Receipts (GDRs).

C. The following allotments are kept pending following Orders from various Courts:

(i) Allotment of 6,530 equity shares of ₹ 2 /- each (previous year 6,530 equity shares of ₹ 2/- each) pertaining to the Rights issue of 1993 issued at a premium of ₹ 5/- per share.

(ii) 262,100 equity shares of ₹ 2 /- each (previous year 262,100 equity shares of ₹ 2/- each) pertaining to the Rights issue of 1996 issued at a premium of ₹ 28 /- per share.

(iii) 1,056,665 equity shares of ₹ 2 /- each (previous year 1,056,665 equity shares of ₹ 2/- each) at a premium of ₹ 48/- per share pertaining to Rights issue of 2007.

Listing of shares and credit in demat account in respect of the following Bonus issues are kept in abeyance consequent to injunction orders from various Courts.

(i) 396,670 equity shares of ₹ 2/- each (previous year 396,670 equity shares of ₹ 2/- each) out of the Bonus issue of 2004 and

(ii) 597,005 equity shares of ₹ 2 /- each (previous year 597,005 equity shares of ₹ 2/- each) out of the Bonus issue of 2015.

D. Employee Stock Option Scheme (ESOS)

The Bank

(i) Employee Stock Option Scheme 2010 (ESOS 2010)

Shareholders of the Bank had approved Employee Stock Option Scheme 2010 (ESOS 2010) through postal ballot, the result of which was announced on December 24, 2010, enabling the Board and/or the "Compensation Committee" to grant such number of equity shares, including options, of the Bank not exceeding 5% of the aggregate number of paid up equity shares of the Bank, in line with the guidelines of SEBI. The options granted will vest based on the status of the employee on the date of vesting, subject to the fulfilment of the performance criteria for the vesting. The exercise period would commence from the date of vesting and will expire on the completion of five years from the date of vesting of options.

THE FEDERAL BANK LIMITED

SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

Stock option activity under the Scheme for the year ended March 31, 2025 is set out below:

Particulars	No. of Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	5,897,550	53.70 - 125.25	122.09	7.21
Granted during the year*	2,314,750	162.40	162.40	7.65
Exercised during the year	235,000	53.70 - 112.35	71.05	-
Forfeited/lapsed during the year	103,500	125.25 - 162.40	130.63	-
Outstanding at the end of the year	7,873,800	75.00 - 162.40	135.35	6.83
Exercisable at the end of the year	160,000	75.00 - 112.35	88.34	0.60

Stock option activity under the Scheme for the year ended March 31, 2024 is set out below:

Particulars	No. of Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	1,559,870	53.70 - 112.35	67.76	0.97
Granted during the year**	5,529,550	125.25	125.25	7.66
Exercised during the year	1,139,220	53.70 - 112.35	64.33	-
Forfeited/lapsed during the year	52,650	62.00 - 125.25	94.44	-
Outstanding at the end of the year	5,897,550	53.70 - 125.25	122.09	7.21
Exercisable at the end of the year	395,000	53.70 - 112.35	78.05	0.97

* Details of options granted during the year ended March 31, 2025 are given below:

Date of grant	No. of options Granted	Grant price (₹ per option)
May 23, 2024	2,314,750	162.40

**Details of options granted during the year ended March 31, 2024 are given below:

Date of grant	No. of options Granted	Grant price (₹ per option)
May 27, 2023	5,529,550	125.25

As per SEBI guidelines and the Guidance Note on "Accounting for Share-based Payments" issued by the ICAI, the accounting for ESOS can be done either under the "Intrinsic value method" or "Fair value method". The Compensation Committee in their meeting dated May 10, 2012 decided to adopt "Intrinsic value method" for accounting of ESOS, in terms of the power vested on them as per the resolution of EGM dated December 24, 2010. Accordingly options under the scheme are accounted using the intrinsic value method except as stated otherwise[#]. No cost has been incurred by the Bank on ESOS issued to the employees of the Bank under the intrinsic value method during the year ended March 31, 2025 (previous year Nil).

[#] In compliance with RBI guidelines, stock options granted to Whole Time Directors/Chief Executive Officer and Material Risk Takers after the year ended March 31, 2021 have been accounted using fair value method. Accordingly, under this scheme, the Bank has recognised ₹ 1.15 Crore as employee cost in the Profit and Loss Account during the year ended March 31, 2025 (previous year ₹ 0.45 Crore).

ii) Employee Stock Option Scheme 2017 (ESOS 2017)

Shareholders of the Bank had approved The Federal Bank Limited Employee Stock Option Scheme 2017 (ESOS 2017) in the AGM held on July 14, 2017, as a Special Resolution, enabling the Board and/or the "Compensation Committee" to grant such number of equity shares, including options, of the Bank not exceeding 5% of the aggregate number of paid up equity shares of the Bank, in line with the guidelines of SEBI. The options granted will vest based on the status of the employee on the date of vesting, subject to the fulfilment of the performance criteria for the vesting. The exercise period would commence from the date of vesting and will expire on the completion of five years from the date of vesting of options.

Stock option activity under the Scheme for the year ended March 31, 2025 is set out below:

Particulars	No. of Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	55,827,490	38.30 - 148.10	78.02	3.40
Granted during the year*	4,998,000	74.15 - 192.56	148.20	7.71
Exercised during the year	20,242,127	38.30 - 120.85	80.75	-
Forfeited/lapsed during the year	2,507,746	38.30 - 166.83	96.95	-
Outstanding at the end of the year	38,075,617	38.30 - 192.56	84.53	3.97
Exercisable at the end of the year	27,886,663	38.30 - 135.65	72.44	2.99

Stock option activity under the Scheme for the year ended March 31, 2024 is set out below:

Particulars	No. of Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	72,283,662	38.30 - 135.65	81.81	3.84
Granted during the year**	105,000	126.15 - 148.10	140.11	7.70
Exercised during the year	14,851,893	38.30 - 116.85	93.56	-
Forfeited/lapsed during the year	1,709,279	38.30 - 116.85	107.07	-
Outstanding at the end of the year	55,827,490	38.30 - 148.10	78.02	3.40
Exercisable at the end of the year	40,646,578	38.30 - 116.85	80.69	2.47

* Details of options granted during the year ended March 31, 2025 are given below:

Date of grant	No. of options Granted	Grant price (₹ per option)
September 11,2024	510,000	74.15
September 11,2024	852,000	111.22
September 11,2024	3,561,000	166.83
January 15, 2025	30,000	192.56
February 12, 2025	35,000	183.67
March 20, 2025	10,000	186.19

** Details of options granted during the year ended March 31, 2024 are given below:

Date of grant	No. of options Granted	Grant price (₹ per option)
May 20, 2023	25,000	126.15
July 05, 2023	5,000	132.00
August 29, 2023	50,000	143.90
November 18, 2023	25,000	148.10

THE FEDERAL BANK LIMITED

SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

As per SEBI guidelines and the Guidance Note on "Accounting for Share based payments" issued by the ICAI, the accounting for ESOS can be done either under the "Intrinsic value method" or "Fair value method". The Compensation Committee in their meeting dated May 10, 2012 decided to adopt "Intrinsic value method" for accounting of ESOS, in terms of the power vested on them as per the resolution of EGM dated December 24, 2010. Accordingly options under the scheme are accounted using the intrinsic value method except as stated otherwise#. Under the intrinsic value method, the Bank has recognised ₹ 3.41 Crore as employee cost in the Profit and Loss Account during the year ended March 31, 2025 (previous year Nil).

In compliance with RBI guidelines, stock options granted to Whole Time Directors/Chief Executive Officer and Material Risk Takers after the year ended March 31, 2021 have been accounted using fair value method. Accordingly, under this scheme, the Bank has recognised ₹ 0.74 Crore as employee cost in the Profit and Loss Account during the year ended March 31, 2025 (previous year ₹ 1.06 Crore).

iii) Employee Stock Option Scheme 2023 (ESOS 2023)

Shareholders of the Bank had approved The Federal Bank Limited Employee Stock Option Scheme 2023 (ESOS 2023) in the AGM held on August 18, 2023, as a Special Resolution, enabling the Board and/or the "Compensation Committee" to grant such number of equity shares, including options, of the Bank not exceeding 0.71% of the aggregate number of paid up equity shares of the Bank, in line with the guidelines of SEBI. The options granted will vest based on the status of the employee on the date of vesting, subject to the fulfilment of the performance criteria for the vesting. The exercise period would commence from the date of vesting and will expire on the completion of five years from the date of vesting of options.

Stock option activity under the Scheme for the year ended March 31, 2025 is set out below:

Particulars	No. of Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year *	1,600,000	187.65	187.65	6.99
Exercised during the year	-	-	-	-
Forfeited/lapsed during the year	-	-	-	-
Outstanding at the end of the year	1,600,000	187.65	187.65	6.99
Exercisable at the end of the year	-	-	-	-

* Details of options granted during the year ended March 31, 2025 are given below:

Date of grant	No. of options Granted	Grant price (₹ per option)
September 24, 2024	1,600,000	187.65

During the previous year, no options were granted.

As per SEBI guidelines and the Guidance Note on "Accounting for Share based payments" issued by the ICAI, the accounting for ESOS can be done either under the "Intrinsic value method" or "Fair value method". The Compensation Committee in their meeting dated May 10, 2012 decided to adopt "Intrinsic value method" for accounting of ESOS, in terms of the power vested on them as per the resolution of EGM dated December 24, 2010. Accordingly, options under the scheme are accounted using the intrinsic value method except as stated otherwise#. No cost has been incurred by the Bank on ESOS issued to the employees of the Bank under the intrinsic value method during the year ended March 31, 2025 (previous year Nil).

#In compliance with RBI guidelines, stock options granted to Whole Time Directors/Chief Executive Officer and Material Risk Takers after the year ended March 31, 2021 have been accounted using fair value method. Accordingly, under this scheme, the Bank has recognised ₹ 3.01 Crore as employee cost in the Profit and Loss Account during the year ended March 31, 2025 (previous year Nil).

iv) Employee Stock Incentive Scheme 2023 (ESIS 2023)

Shareholders of the Bank had approved The Federal Bank Limited Employee Stock Incentive Scheme 2023 (ESIS 2023) in the AGM held on August 18, 2023, as a Special Resolution, enabling the Board and/or the "Compensation Committee" to grant such number of equity shares, including options, of the Bank not exceeding 0.30% of the aggregate number of paid up equity shares of the Bank, in line with the guidelines of SEBI. The options granted will vest based on the status of the employee on the date of vesting, subject to the fulfilment of the performance criteria for the vesting. The exercise period would commence from the date of vesting and will expire on the completion of four years from the date of vesting of options.

Stock option activity under the Scheme for the year ended March 31, 2025 is set out below:

Particulars	No. of Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	25,000	2.00	2.00	5.69
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Forfeited/lapsed during the year	-	-	-	-
Outstanding at the end of the year	25,000	2.00	2.00	4.69
Exercisable at the end of the year	8,250	2.00	2.00	3.68

Stock option activity under the Scheme for the year ended March 31, 2024 is set out below:

Particulars	No. of Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year *	25,000	2.00	2.00	5.69
Exercised during the year	-	-	-	-
Forfeited/lapsed during the year	-	-	-	-
Outstanding at the end of the year	25,000	2.00	2.00	5.69
Exercisable at the end of the year	-	-	-	-

* Details of options granted during the year ended March 31, 2024 are given below:

Date of grant	No. of options Granted	Grant price (₹ per option)
December 04, 2023	25,000	2.00

As per SEBI guidelines and the Guidance Note on "Accounting for Share-based Payments" issued by the ICAI, the accounting for stock options can be done either under the "Intrinsic value method" or "Fair value method". As per the approval of shareholders, the Bank has adopted 'Fair value method' for accounting of stock options. Accordingly, the Bank has recognised ₹ 0.18 Crore as employee cost in the Profit and Loss Account during the year ended March 31, 2025 (previous year ₹ 0.07 Crore).

The options were exercised regularly throughout the year and weighted average share price as per National Stock Exchange price volume data during the year ended March 31, 2025 was ₹ 186.25 (previous year ₹ 142.02).

v) Effect of Fair value method of accounting ESOS & ESIS

If "Fair Value Method" had been adopted based on "Black-Scholes pricing model" for pricing and accounting of options which are presently accounted using "Intrinsic Value Method", net profit after tax would be lower by ₹ 17.59 Crore (previous year ₹ 14.27 Crore). The modified basic and diluted earnings per share for the year had the Bank followed Fair Value Method for accounting of options which are presently accounted using intrinsic value method would be ₹ 16.47 and ₹ 16.33. (previous year ₹ 16.00 and ₹ 15.82) respectively.

Weighted average fair value of options granted during the years ended March 31, 2025 and March 31, 2024 are as follows:

Particulars	March 31, 2025	March 31, 2024
Weighted average fair value of options granted during the year (in ₹)	75.17	40.01

THE FEDERAL BANK LIMITED

SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

The fair value of the options is estimated on the date of the grant using the Black-Scholes pricing model, with the following assumptions:

Particulars	March 31, 2025	March 31, 2024
Dividend yield	0.6% - 2%	0.8% - 2%
Expected life (in years)	2.5 -6.75	2.5 -5
Risk free interest rate	5.00% - 8.50%	5.00% - 8.50%
Expected volatility	20% - 50%	20% - 50%
How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	Volatility is based on historical data over the expected life of the option.	Volatility is based on historical data over the expected life of the option.
The method used and the assumptions made to incorporate the effects of expected early exercise.	It is assumed that the options will be exercised within the exercise period.	It is assumed that the options will be exercised within the exercise period.
Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition	Stock price and risk free interest rate are variables based on actual market data at the time of valuation.	Stock price and risk free interest rate are variables based on actual market data at the time of valuation.

Note : The above information is certified by the actuary and relied upon by the auditors.

Fedbank Financial Services Limited

(i) Employee Stock Option Plan

The Fedbank Financial Services Limited – Employees Stock Option Plan, 2018 ("ESOP, 2018") was established and approved by the Shareholders of the Company vide special resolution passed in the Extraordinary General Meeting (EGM) on 13th November, 2018 enabling the Board and /or Nomination and Remuneration Committee to grant such number of options out of the ESOP pool of 6% of the total paid up share capital of the Company at the time of grant of Option. Post Listing, the ESOP, 2018 was ratified by the shareholders vide special resolution passed in the EGM on 22nd February, 2024.

Movement in the options outstanding under the Employee Stock Option Plan

(Number of Options)

Particulars	ESOP 2018		ESOP 2024	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Outstanding at the beginning of the year	8,889,079	13,476,351	-	-
Granted during the year	-	375,000	3,725,000	-
Exercised during the year	3,329,955	4,596,646	-	-
Forfeited/lapsed during the year	2,027,288	365,626	-	-
Outstanding at the end of the year	3,531,836	8,889,079	3,725,000	-
Exercisable at the end of the year	1,348,082	2,322,012	-	-

(ii) Effect of Fair value method of accounting ESOP

If "Fair Value Method" had been adopted based on "Black-Scholes pricing model" for pricing and accounting of options, net profit would be lower by ₹ 0.95 Crores (Previous Year: ₹ 3.32 Crores). The modified basic and diluted earnings per share for the year, had the Company followed Fair Value Method of accounting for ESOP compensation cost would be ₹ 5.17 and ₹ 5.15 (Previous Year: ₹ 6.33 and ₹ 6.24) respectively.

Group

Effect of Fair value method of accounting ESOS

If "Fair Value Method" had been adopted based on "Black-Scholes pricing model" for pricing and accounting of options which are presently accounted using "Intrinsic Value Method", net profit after tax would be lower by ₹ 15.60 Crore (previous year ₹ 16.31

Crore). The modified basic and diluted earnings per share for the year, had the Group followed Fair Value Method for accounting of options which are presently accounted using intrinsic value method would be ₹ 16.91 and ₹ 16.78 (previous year ₹ 16.69 and ₹ 16.49) respectively.

E. Dividend

The Bank

The Board of Directors have recommended a final dividend of 60 % i.e. ₹ 1.20 per Equity Share on face value of ₹ 2 each for the year 2024-25 (previous year ₹ 1.20 per Equity Share) subject to the approval of the members at the ensuing Annual General Meeting.

In terms of Accounting Standard (AS) 4 "Contingencies and Events occurring after the Balance sheet date" the Bank has not appropriated proposed dividend aggregating to ₹ 294.70 Crore from the Profit and Loss Account for the year ended March 31, 2025. However, the effect of the proposed dividend has been reckoned in determining capital funds in the computation of Capital adequacy ratio.

During the year, the Bank paid a final dividend of ₹1.20 per equity share amounting ₹ 294.00 Crore pertaining to year ended March 31, 2024, has been considered as an appropriation from the Profit and Loss Account during the year.

1.2 Employee Benefits (AS 15)

1.2.1 Defined Contribution Plan

The Bank

Provident Fund

Employees who have not opted for pension plan are eligible to get benefits from provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid on retirement, death, incapacitation or termination of employment. Both the employee and the Bank contribute a specified percentage of the salary to the Federal Bank (Employees') Provident Fund Trust. The Bank has no obligation other than the monthly contribution.

During the year, the Bank has recognised ₹ 1.15 Crore (previous year: ₹ 0.69 Crore) for provident fund contribution in the Profit and Loss Account.

National Pension System

As per the industry level settlement dated April 27, 2010, a Defined Contributory Pension Scheme (DCPS) in line with the National Pension System (introduced for employees of Central Government) was implemented and employees who are covered under National Pension System are not eligible for the existing pension scheme. Employee shall contribute 10% of their Basic Pay and Dearness Allowance towards DCPS and the Bank shall contribute 14% of the Basic Pay and Dearness Allowance towards DCPS. There is no separate Provident Fund for employees covered under National Pension System.

During the year, the Bank has recognised ₹ 137.66 Crore (previous year: ₹ 101.45 Crore) for DCPS contribution in the Profit and Loss Account.

The Subsidiaries

The subsidiaries have defined contribution plans for employees comprising of Provident Fund and Employee State Insurance. The contributions paid/payable to these plans during the year are charged to the Profit and Loss Account for the year.

Group

The Group makes Provident Fund, Employee State Insurance Scheme Contributions and Defined Contributory Pension Scheme for Qualifying Employees. Under the schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognised ₹ 21.16 Crore (previous year ₹ 16.51 Crore) for provident fund contributions, ₹ 1.00 Crore (previous year ₹ 0.96 Crore) for Employee State Insurance Scheme Contributions and ₹ 137.66 Crore (previous year ₹ 101.45 Crore) for DCPS in the Consolidated Profit and Loss Account. The Contributions payable to these plans by the group are at the rates specified in the rules of the schemes.

THE FEDERAL BANK LIMITED

SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

1.2.2 Defined benefit plan

A. Gratuity

The Bank

The Bank provides for Gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering the eligible employees. The Gratuity Plan provides a lump sum payment to vested employees on retirement, death, incapacitation or termination of employment, of an amount based on the respective employees' salary and the tenure of employment. Vesting occurs upon completion of 4 years and 240 days of service as per Payment of Gratuity Act, 1972 and its amendment with effect from March 29, 2018 or as per the provisions of the Federal Bank Employees' Gratuity Trust Fund Rules / Bi-partite Award provisions. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as on the Balance Sheet date, based upon which, the Bank contributes all the ascertained liabilities to the Federal Bank Employees' Gratuity Trust Fund (the "Trust"). Trustees administer contributions made to the Trust and contributions are invested in specific investments as permitted by law.

Fedbank Financial Services Limited

Payment of gratuity to employees is covered by the "Exide Life Group Gratuity Unit Linked Scheme" of the Exide life Insurance Company Limited, which is a defined benefit scheme and the Company makes contribution under the said scheme. The net present value of the obligation for gratuity benefits as determined on the independent actuarial valuation, conducted annually using the projected unit credit method, as adjusted for unrecognised past service cost if any and as reduced by the fair value of planned asset is recognized in the accounts. Actuarial gains and losses are recognized in full in the Profit and Loss Account for the period in which they occur.

Federal Operations and Services Limited

The Company pays gratuity, a defined benefit plan, to employees who retire or resign. The Company provides gratuity to the eligible employees as a terminal benefit. These liabilities are determined on the basis of actuarial valuation under projected unit credit method at the Balance Sheet date. Actuarial gains and losses are recognised in full in the Profit and Loss Account for the period in which they occur.

B. Superannuation / Pension

The Bank

The Bank provides for monthly pension, a defined benefit retirement plan (the "pension plan") covering eligible employees. The pension plan provides a monthly pension after retirement of the employees till death and to the family after the death of the pensioner. The monthly pension is based on the respective employees' salary and the tenure of employment. Vesting occurs upon completion of ten years of service. Liabilities with regard to the pension plan are determined by actuarial valuation as on the Balance Sheet date, based upon which, the Bank contributes all the ascertained liabilities to the Federal Bank (Employees') Pension Fund Trust (the "Trust"). Trustees administer contributions made to the Trust and contributions are invested in specific investments as permitted by law.

The following table as furnished by actuary sets out the funded status of gratuity / pension plan and the amount recognized in the Group's Financial Statements for the years indicated:

(i) Change in benefit obligations

(Amount in ₹ Crore)

Particulars	Gratuity Plan						Pension Plan	
	FBL		FFSL		FOSL		FBL	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Projected benefit obligation at the beginning of the year	608.30	440.73	7.45	4.62	1.09	0.68	1,851.25	1,701.56
Current Service Cost	45.04	38.38	3.54	3.12	0.69	0.48	371.64	426.23
Interest cost	40.77	30.20	0.48	0.32	0.07	0.05	117.47	112.06
Actuarial (gain)/ loss	25.80	144.88	(1.30)	(0.23)	(0.10)	(0.11)	(44.49)	(89.83)
Benefits paid	(55.16)	(45.89)	(0.05)	(0.38)	(0.19)	(0.01)	(252.49)	(298.77)
Projected benefit obligation at the end of the year	**664.75**	**608.30**	**10.12**	**7.45**	**1.56**	**1.09**	**2,043.38**	**1,851.25**

(ii) Change in plan assets

(Amount in ₹ Crore)

Particulars	Gratuity Plan						Pension Plan	
	FBL		FFSL		FOSL		FBL	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Plan assets at the beginning of the year at fair value	474.06	464.10	2.78	2.87	0.28	-	1,751.15	1,697.14
Expected return on plan assets	33.28	33.55	0.19	0.19	0.03	-	119.25	122.53
Actuarial gain/(loss)	13.62	1.41	0.05	0.09	-	-	28.12	7.50
Employer's Contributions	206.59	20.89	-	-	0.19	0.29	416.86	222.75
Benefits paid	(55.16)	(45.89)	(0.05)	(0.37)	(0.19)	(0.01)	(252.49)	(298.77)
Plan assets at the end of the year at fair value	**672.39**	**474.06**	**2.97**	**2.78**	**0.31**	**0.28**	**2,062.89**	**1,751.15**

(iii) Reconciliation of present value of the obligation and the fair value of the plan assets

(Amount in ₹ Crore)

Particulars	Gratuity Plan						Pension Plan	
	FBL		FFSL		FOSL		FBL	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Fair value of plan assets at the end of the year	672.39	474.06	2.97	2.78	0.31	0.28	2,062.89	1,751.15
Present value of the defined benefit obligations at the end of the year	664.75	608.30	10.12	7.45	1.56	1.09	2,043.38	1,851.25
Liability/ (Asset) recognized in the Consolidated Balance Sheet	**(7.64)**	**134.24**	**7.15**	**4.67**	**1.25**	**0.81**	**(19.51)**	**100.10**

(iv) Gratuity/ pension cost

(Amount in ₹ Crore)

Particulars	Gratuity Plan						Pension Plan	
	FBL		FFSL		FOSL		FBL	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Current Service cost	45.04	38.38	3.54	3.12	0.69	0.49	371.64	426.23
Interest cost	40.77	30.20	0.48	0.32	0.07	0.05	117.47	112.06
Expected return on plan assets	(33.28)	(33.55)	(0.19)	(0.19)	(0.03)	-	(119.25)	(122.53)
Actuarial (gain)/loss	12.18	143.47	(1.35)	(0.32)	(0.10)	(0.11)	(72.61)	(97.33)
Net Cost	64.71	178.50	2.48	2.93	0.63	0.43	297.25	318.43
Other direct contributions to the Fund	-	-	-	-	-	-	-	(0.10)
Net Cost Debit to Consolidated Profit and Loss Account	64.71	178.50	2.48	2.93	0.63	0.43	297.25	318.33
Actual return on plan assets[##]	46.90	34.96	0.24	0.28	0.02	-	147.37	130.04

[##] Figures taken from Audited Financial statements of respective trusts.

THE FEDERAL BANK LIMITED

SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

(v) Investment details of plan Assets*

(Amount in ₹ Crore)

Particulars	Gratuity Plan		Pension Plan	
	FBL		FBL	
	March 31, 2025	March31, 2024	March 31, 2025	March31, 2024
Central and state Government bonds	-	-	-	-
Other debt securities	-	-	-	-
Balance in Saving bank account with the Bank	3.90	1.49	25.61	1.87
Net current assets	-	-	-	-
Balance with LIC #	668.49	472.57	2,037.27	1,749.28
Total	**672.39**	**474.06**	**2,062.88**	**1,751.15**

* - Figures taken from Audited Financial statements of respective trusts.

In the absence of detailed information regarding plan assets which is funded with Life Insurance Corporation of India (LIC), the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

(vi) Experience adjustments

a) Gratuity Plan

The Bank

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020
Defined Benefit Obligations	664.75	608.30	440.73	451.29	467.81	374.63
Plan Assets	672.39	474.06	464.10	493.78	469.49	369.30
Surplus/(Deficit)	7.64	(134.24)	23.37	42.49	1.68	(5.33)
Experience adjustments on Plan Liabilities [(Gain)/Loss]	4.28	119.72	2.78	8.09	(89.21)	(10.09)
Experience Adjustments on Plan Assets [Gain/ (Loss)]	15.03	2.71	4.11	(7.67)	7.20	3.29

Fedbank Financial Services Limited

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020
Defined Benefit obligations	10.12	7.45	4.62	3.19	2.49	1.81
Plan Assets	2.97	2.78	2.87	3.07	2.33	1.49
Surplus/(Deficit)	(7.15)	(4.67)	(1.75)	(0.12)	(0.16)	(0.31)
Experience adjustments on Plan Liabilities [(Gain)/ Loss]	(1.98)	(0.35)	0.29	(0.75)	(0.29)	0.07
Actuarial Gain / (Loss) on Plan Assets	0.05	0.09	(0.18)	0.01	0.15	(0.01)

Federal Operations and Services Limited

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020
Defined Benefit obligations	1.56	1.09	0.68	0.45	0.16	0.06
Plan Assets	0.31	0.28	-	-	-	-
Surplus/(Deficit)	(1.25)	(0.81)	(0.68)	(0.45)	(0.16)	(0.06)
Experience adjustments on Plan Liabilities [(Gain)/ Loss]	(0.09)	(0.06)	(0.13)	0.06	(0.01)	(0.02)
Experience adjustments on Plan Assets [Gain/ (Loss)]	-	-	-	-	-	-

* denotes figures less than ₹ 1 lakh

b) Pension Plan

The Bank

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020
Defined Benefit Obligations	2,043.38	1,851.25	1,701.56	1,747.94	1,486.28	1,197.98
Plan Assets	2,062.89	1,751.15	1,697.14	1,803.99	1,494.71	1,129.93
Surplus/(Deficit)	19.51	(100.10)	(4.42)	56.05	8.43	(68.05)
Experience adjustments on Plan Liabilities [(Gain)/Loss]	(114.84)	(132.83)	(128.95)	(342.70)	(327.78)	(95.10)
Experience adjustments on Plan Assets [Gain/ (Loss)]	36.58	12.25	13.25	(0.49)	13.79	7.54

(vii) Assumptions

Particulars	Gratuity Plan						Pension Plan	
	FBL		FFSL		FOSL		FBL	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Discount rate	7.02%	7.23%	6.37%	6.97%	7.06%	7.02%	6.81%	7.22%
Annuity rate per Rupee (in ₹)	-	-	-	-	-	-	133.49	134.11
Salary escalation rate	5.00%	5.00%	6.50%	6.50%	5.00%	5.00%	5.00%	5.00%
Estimated rate of return on plan assets	7.02%	7.23%	-	-	-	-	6.81%	7.22%
Attrition Rate	2.00%	2.00%	-	-	-	-	1.00%	1.00%
Mortality Table	IIAM 2012-15 Ultimate	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate	IIAM 2012-15 Ultimate	IIAM 2012-15 Ultimate	IIAM 2012-15 Ultimate	IALM 2012-14 Ultimate

The estimates of future salary increase considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

As the contribution expected to be paid to the defined benefit plans during the annual period beginning after the balance sheet date is based on various internal / external factors, a best estimate of the contribution is not determinable.

The above information except otherwise stated is as certified by the actuary and relied upon by the auditors.

C. Leave Encashment/ Sick Leave / Leave Travel Concession / Unavailed Casual Leave

The Bank

The employees of the Bank are entitled to compensated absence. The employees can carry forward a portion of the unutilised accrued compensated absence and utilise it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence for a maximum of 255 days. The Bank records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Bank measures the expected cost of compensated absence as the additional amount that the Bank expects to pay as a result of the unutilised entitlement that has accumulated at the balance sheet date based on actuarial valuations.

Fedbank Financial Services Limited

The Company has a scheme for compensated absences for employees, the liability of which is determined on the basis of an independent actuarial valuation carried out at the end of the year, using the projected unit credit method. Actuarial gains and losses are recognised in full in the Profit and Loss Account for the year in which they occur.

THE FEDERAL BANK LIMITED

SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

Group

A sum of ₹ 103.05 Crore (previous year ₹ 147.06 Crore) has been provided towards the above liabilities in accordance with AS 15 based on actuarial valuation.

The actuarial liability of compensated absences of accumulated privilege, sick, casual leaves and leave travel concession of the employees of the Group is given below:

(Amount in ₹ Crore)

Particulars	March 31, 2025		March 31, 2024	
	FBL	FFSL	FBL	FFSL
Privilege leave	603.22	6.11	513.17	4.65
Sick leave	44.97	-	39.96	-
Leave travel concession	55.52	-	51.27	-
Casual leave	3.74	-	3.13	-
Total actuarial liability	**707.45**	**6.11**	**607.53**	**4.65**
Assumptions				
Discount rate	7.02%	6.37%	7.23%	6.97%
Salary escalation rate	5.00%	6.50%	5.00%	6.50%
Attrition rate	2.00%	-	2.00%	-

The discount rate is based on the prevailing market yields of Government of India securities as on the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

1.3 Segment Reporting (AS 17)

A. Business Segments

Business of the Group is divided into four segments viz. Treasury, Corporate or Wholesale Banking, Retail Banking and Other Banking Operations. The principal activities of these segments and income and expenses structure are as follows:

Treasury

Treasury operations include trading and investments in Government Securities and corporate debt instruments, equity and mutual funds, derivative trading and foreign exchange operations on proprietary account and for customers.

The income of this segment primarily consists of earnings in the form of interest from the investment portfolio of the group, gains, losses, margins and fee/charges on trading and foreign exchange operations. The principal expense of the segment consists of interest expense on funds borrowed/utilized and other allocated overheads. Provisions allocated to the segment consist of diminution in the value of non performing portfolio of the segment.

Corporate/Wholesale Banking

The segment consists of lending of funds, acceptance of deposits and other banking services to corporates, trusts, partnership firms, statutory bodies which are not considered under retail banking segment.

Revenue of this segment consists of interest earned, charges /fees from loans and other banking services rendered to such customers. The principal expenses of the segment consist of interest expenses on funds utilized and other expenses allocated as per the approved methodology . Provisions allocated to the segment include the loan loss provision and standard asset provision created for the portfolio under the segment.

Retail banking

Retail banking constitutes lending of funds, acceptance of deposits and other banking services to any legal person including small business customers, on the basis of the status of the borrower, nature of the product, granularity of the exposure and quantum thereof.

Revenue of this segment consists of interest earned, charges /fees from loans and other banking services rendered to such customers. The principal expenses of the segment consist of interest expenses on funds utilized and other expenses allocated as per the approved methodology. Provisions allocated to the segment includes the loan loss provision and standard asset provision created for the portfolio under the segment.

Digital Banking Business is separately reported as a sub-segment under Retail Banking Segment as per the RBI guideline. The Sub Segment includes the businesses involving digital banking products acquired by the Digital Banking Unit together with the existing digital banking products.

Other Banking Operations

This segment includes banking operations, not covered under any of the above segments such as para banking operations. The income from such services and associated costs are disclosed in this segment.

Unallocated

All items that are reckoned at enterprise level and cannot be allocated to reportable segments are included in unallocated portion. These mainly includes provision for tax (net of advance tax), deferred tax asset/liability, cash and balances in other bank current accounts, etc. Unallocated segment revenue consists of profit on sale of fixed assets, notice pay on resignation of employees etc.

The following table sets forth, for the years indicated, the business segment results:

March 31, 2025

(Amount in ₹ Crore)

Business Segments	Treasury	Corporate/ Wholesale Banking	Retail Banking#	Other Banking Operations	Total
1. Revenue	4,536.11	8,357.57	18,787.64	341.63	32,022.95
2. Unallocated revenue					7.30
3. Inter Segment Revenue					-
4. Income from operations (1+2-3)					32,030.25
5. Result (net of provisions)	829.13	1,867.96	2,668.17	215.27	5,580.53
6. Unallocated income / (expense)					7.30
7. Operating profit (PBT) (5+6)					5,587.83
8. Income taxes					1,386.34
9. Share in profit of associates					32.53
10. Minority interest					75.17
11. Extraordinary profit/(loss)	-	-	-	-	-
12. Net profit (7-8+9-10+11)					4,158.85
OTHER INFORMATION					
13. Segment assets	79,472.71	124,053.98	149,892.30	1.85	353,420.84
14. Unallocated assets					6,731.07
15. Total assets (13+14)					360,151.91
16. Segment liabilities	36,284.91	44,619.92	239,394.72	1.70	320,301.25
17. Unallocated liabilities					4,397.55
18. Total liabilities (16+17)					324,698.80

Sub segments included in retail banking are as follows:

(Amount in ₹ Crore)

Sub Segment	Revenue	Result (Net of provisions)	Segment Assets	Segment liabilities
Digital Banking	1,857.27	(111.14)	7,192.33	19,351.21
Other Retail Banking	16,930.37	2,779.31	142,699.97	220,043.51

THE FEDERAL BANK LIMITED

SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

March 31, 2024

(Amount in ₹ Crore)

Business Segments	Treasury	Corporate/ Wholesale Banking	Retail Banking#	Other Banking Operations	Total
1. Revenue	3,546.55	7,167.85	15,778.84	283.07	26,776.31
2. Unallocated revenue					5.64
3. Inter Segment Revenue					-
4. Income from operations (1+2-3)					26,781.95
5. Result (net of provisions)	602.18	1,617.41	2,817.73	218.05	5,255.37
6. Unallocated income / (expense)					5.63
7. Operating profit (PBT) (5+6)					5,261.00
8. Income taxes					1,333.47
9. Share in profit of associates					36.51
10. Minority interest					83.61
11. Extraordinary profit/(loss)	-	-	-	-	-
12. Net profit (7 -8+9-10+11)					3,880.43
OTHER INFORMATION					
13. Segment assets	63,388.35	110,794.50	135,596.59	5.08	309,784.52
14. Unallocated assets					8,054.43
15. Total assets (13+14)					317,838.95
16. Segment liabilities	29,642.57	32,005.10	220,010.23	3.56	281,661.46
17. Unallocated liabilities					5,251.66
18. Total liabilities (16+17)					286,913.12

Sub segments included in retail banking are as follows:

(Amount in ₹ Crore)

Sub Segment	Revenue	Result (Net of provisions)	Segment Assets	Segment liabilities
Digital Banking	1,501.03	225.59	6,812.96	16,263.28
Other Retail Banking	14,277.81	2,592.14	128,783.63	203,746.95

B. Geographical Segment Information

The Business operations of the group are largely concentrated in India and for purpose of Segment reporting, the group is considered to operate only in domestic segment, though the Bank has its operation in International Financial Services Centre (IFSC) Banking Unit in Gujarat International Finance Tec-city (GIFT City). The business conducted from the same is considered as a part of Indian operations.

Segment information is provided as per the MIS available for internal reporting purposes, which include certain estimates/ assumptions. The methodology adopted in compiling and reporting the above information has been relied upon by the auditors.

1.4 Related Party Disclosures (AS 18)

a) Details of Related Parties:

Associates/joint ventures/other related entities

Name of the entity	Nature of Relationship
Ageas Federal Life Insurance Company Limited	Associate
Equirus Capital Private Limited *(Ceased to be an Associate on November 15, 2024)*	Associate
Federal Bank Hormis Memorial Foundation	Other related entity
Simpack Packaging Private Limited	Other related entity
Manians Family Trust *(with effect from September 23, 2024)*	Other related entity
Manians Family Trust II *(with effect from September 23, 2024)*	Other related entity

Key Management Personnel (KMP)

Name of the Key Management personnel	Relatives of the Key Management Personnel	Description of Relationships
Mr. Shyam Srinivasan, Managing Director & CEO *(Ceased to be MD & CEO as on September 22, 2024)*	• Mr. T S Srinivasan	• Father
	• Ms. Kamala Srinivasan	• Mother
	• Ms. Maya Shyam	• Spouse
	• Ms. Meena Lochani	• Sister
	• Ms. Rohini Srinivasan	• Sister
Mr. Krishnan Venkat Subramanian, Managing Director & CEO *(Appointed on September 23, 2024)*	• Ms. Seetha Krishnan	• Mother
	• Ms. Vanathi Gopalakrishnan	• Spouse
	• Mr. Shashank Manian	• Son
	• Ms. Shruti Manian	• Daughter
	• Mr. Anand Krishnan	• Brother
	• Mr. Ramesh Krishnan	• Brother
	• Ms. Lalitha Mohan	• Sister
Ms. Shalini Warrier, Executive Director	• Ms. Parvathi Warrier	• Mother
	• Ms. Asha Warrier	• Sister
Mr. Harsh Dugar Executive Director	• Mr. Umed Mal Dugar	• Father
	• Ms. Saroj Devi Dugar	• Mother
	• Mr. Siddhartha Dugar	• Brother
	• Ms. Shilpa Pagaria	• Sister
	• Ms. Ektaa Dugar	• Spouse
	• Ms. Tarasha Dugar	• Daughter
	• Ms. Anaika Dugar	• Daughter

b) Related Party transactions

Transactions with related parties for the year ended March 31, 2025:

(Amount in ₹ Crore)

Items/Related Party	Associates	KMP	Relatives of KMP	Other related entities	Total
Interest paid	*	0.36	0.31	0.08	0.75
Interest received	0.01	0.03	0.10	-	0.14
Income from services rendered	157.05	*	*	-	157.05
Expenses for receiving services	0.06	-	-	-	0.06
Directors sitting fee received	0.38	-	-	-	0.38
Remuneration paid	-	10.35	-	-	10.35
Dividend received	22.26	-	-	-	22.26
Dividend paid	-	0.40	*	-	0.40
CSR related expenses	-	-	-	63.37	63.37
Share issue proceeds received on exercise of ESOS	-	10.27	-	-	10.27
Number of options granted under ESOS	-	1,727,500	-	-	1,727,500

* Denotes figures less than ₹ 1 Lakh.

THE FEDERAL BANK LIMITED

SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

Balances outstanding of the related parties of the Bank as on March 31, 2025:

Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each month end.

(Amount in ₹ Crore)

Items/Related Party	Associates	KMP	Relatives of KMP	Other related entities	Total
Deposits	102.62	2.52	15.47	1.80	122.41
	(106.53)	(11.30)	(23.44)	(3.72)	(144.99)
Advances	-	1.12	-	-	1.12
	(0.99)	(1.15)	(1.71)	-	(3.85)
Investments in Shares	208.00	-	-	-	208.00
	(232.01)	-	-	-	(232.01)
Investment in Shares of the Bank *(at Face Value terms)*	-	0.51	*	0.19	0.70
	-	(0.51)	*	(0.19)	(0.70)
Receivable	18.96	-	-	-	18.96
	(39.36)	-	-	-	(39.36)
Number of options outstanding under ESOS.	-	3,895,200	-	-	3,895,200

* Denotes figures less than ₹ 1 Lakh.

Transactions with related parties for the year ended March 31, 2024:

(Amount in ₹ Crore)

Items/Related Party	Associates	KMP	Relatives of KMP	Total
Interest paid	*	0.48	0.27	0.75
Interest received	0.03	0.04	0.12	0.19
Income from services rendered	127.24	-	-	127.24
Expenses for receiving services	0.51	-	-	0.51
Directors sitting fee received	0.36	-	-	0.36
Remuneration paid	-	5.22	-	5.22
Dividend received	16.16	-	-	16.16
Dividend paid	-	0.18	*	0.18
Share issue proceeds received on exercise of ESOS	-	14.78	-	14.78
Number of options granted under ESOS	-	175,800	-	175,800

* Denotes figures less than ₹ 1 Lakh.

In accordance with RBI guidelines, details pertaining to the related party transactions have not been provided where there is only one related party in a category.

Balances outstanding of the related parties of the Bank as on March 31, 2024:

Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each month end.

(Amount in ₹ Crore)

Items/Related Party	Associates	KMP	Relatives of KMP	Total
Deposits	75.75	6.84	4.36	86.95
	(75.75)	(10.33)	(5.39)	(91.47)
Advances	-	1.29	1.46	2.75
	(4.73)	(1.35)	(1.54)	(7.62)
Investments in shares	232.01	-	-	232.01
	(232.01)	-	-	(232.01)
Investment in Shares of the Bank (at Face Value terms)	-	0.51	*	0.51
	-	(0.51)	*	(0.51)
Receivable	15.78	-	-	15.78
	(45.28)	-	-	(45.28)
Number of options outstanding under ESOS.	-	3,874,200	-	3,874,200

Significant Related Party Transactions

The significant transactions between the Bank and the related parties for the year ended March 31, 2025 and March 31, 2024 are given below. A specified related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of the aggregate value of all related party transactions in that category:

(Amount in ₹ Crore)

Nature of Transaction	Name of the Related party	March 31, 2025	March 31, 2024
Interest paid	Mr. Shyam Srinivasan	0.19	0.35
	Mr. Umed Mal Dugar	0.10	*@
	Ms. Sunita Khajuria	-#	0.09
	Ms. Shalini Warrier	0.15	0.11
Interest received	Mr. Harsh Dugar	0.03	0.04
	Mr. Siddhartha Dugar	0.10	0.11
	Equirus Capital Private Limited	0.01#	0.03
Income from services rendered	Ageas Federal Life Insurance Company Limited	157.00	127.22
Expenses for receiving services	Equirus Capital Private Limited	-#	0.51
	Ageas Federal Life Insurance Company Limited	0.06	-@
Directors sitting fee received	Ageas Federal Life Insurance Company Limited	0.38	0.36
Remuneration paid	Mr. Shyam Srinivasan	5.45	2.99
	Mr. Krishnan Venkat Subramanian	1.76	NA
	Mr. Harsh Dugar	1.57	0.86
	Ms. Shalini Warrier	1.57	1.28
Dividend received	Ageas Federal Life Insurance Company Limited	22.26	14.82
Dividend paid	Mr. Shyam Srinivasan	0.13	0.08
	Mr. Harsh Dugar	0.11	0.02
	Ms. Shalini Warrier	0.16	0.03
	Mr. Ashutosh Khajuria	NA	0.06
CSR related expenses	Federal Bank Hormis Memorial Foundation	63.37	59.23
Share issue proceeds received on exercise of ESOS	Mr. Ashutosh Khajuria	NA	3.51
	Mr. Shyam Srinivasan	-#	1.99
	Mr. Harsh Dugar	4.69	3.48
	Ms. Shalini Warrier	5.58	5.81
Number of options granted under ESOS	Mr. Krishnan Venkat Subramanian	1,600,000	NA
	Mr. Harsh Dugar	63,000	85,000
	Ms. Shalini Warrier	64,500	90,800

@Not a significant related party transaction in FY 2023-24

Not a significant related party transaction in FY 2024-25

* Denotes figures less than ₹ 1 Lakh.

NA - Not a related party during the year

1.5 Lease (AS 19)

The Bank

Lease payments for assets taken on operating lease are recognised as an expense in the Profit and Loss Account as per the lease terms. During the year an amount of ₹ 266.73 Crore (previous year ₹ 229.91 Crore) was charged to Profit and Loss account.

There are no provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements. There are generally no undue restrictions or onerous clauses in the agreements.

THE FEDERAL BANK LIMITED

SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

Fedbank Financial Services Limited

The Company has entered into operating lease arrangement for its Corporate office. The lease is non cancellable and is for a period of 5 years and may be renewed for further period based on mutual agreement of the parties. The lease agreement provide for an increase in lease payment by 5% for every one year.

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024
Future minimum lease payments:		
- Up to one year	0.50	0.46
- More than one year and up to five years	19.94	-
- More than five years	-	-
Lease payments recognised in the Profit and Loss Account with respect to above mentioned operating lease arrangement	4.46	4.37

In addition, all other operating lease agreements entered into by the Company are cancellable in nature. Accordingly, the lease rental payments for branches / offices taken on an operating lease ₹ 43.27 Crore (previous year ₹37.15 Crore) have been recognised as "Rent Paid" in the Profit and Loss Account.

Federal Operations and Services Limited

The company has taken certain premises under rental arrangements, which are in the nature of both cancellable and non-cancellable operating leases and have been debited to the Statement of Profit and Loss. The details of future minimum lease payable under non-cancellable operating leases for the year are as follows:

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024
Lease rentals recognized during the year	1.70	0.03
Lease obligations payable:		
a) Not later than one year	2.30	-
b) Later than one year but not later than five years	9.58	-
c) Later than five years	0.41	-

1.6 Earnings per share (AS 20)

Basic and diluted earnings per equity share are computed in accordance with AS 20 – Earnings per share. Basic earnings per equity share is computed by dividing consolidated net profit of the group for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing the consolidated net profit of the group for the period attributable to equity shareholders by the weighted average number of shares outstanding during the period adjusted for the effects of all dilutive potential equity shares.

The following table sets forth, for the years indicated, the computation of earnings per share.

Particulars	March 31, 2025	March 31, 2024
Earnings used in the computation of basic and diluted earnings per share (₹ in Crore)	4,158.85	3,880.43
Basic earnings per share (in ₹)	16.98	16.76
Effect of potential equity shares (in ₹)	0.18	0.21
Diluted earnings per share (in ₹)	16.80	16.55
Nominal value per share (in ₹)	2.00	2.00
Reconciliation between weighted shares used in computation of basic and diluted earnings per share		
Basic weighted average number of equity shares outstanding (in Crore)	244.95	231.58
Add: Effect of potential number of equity shares for stock options outstanding (in Crore)	2.62	2.88
Diluted weighted average number of equity shares outstanding (in Crore)	247.57	234.46

1.7 Deferred Tax Assets / Liability (AS 22)

The major components of deferred tax assets and deferred tax liabilities are as under:

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024
Deferred Tax Liability		
Tax effect of items constituting deferred tax liability:		
(i) Interest accrued but not due	239.05	242.82
(ii) Depreciation on Investments	2.97	3.37
(iii) Special Reserve under Section 36 (1) (viii) of the Income Tax Act, 1961	332.55	283.31
(iv) Investment revalued as per RBI guidelines transferred to AFS reserve	76.03	-
(v) Investment revalued as per RBI guidelines transferred to/from the General Reserve	29.46	-
(vi) Others	8.55	7.64
Total - (A)	**688.61**	**537.14**
Deferred Tax Asset		
Tax effect of items constituting deferred tax assets:		
(i) Interest/premium paid on purchase of securities	0.19	0.36
(ii) Provision for Standard Assets	314.97	325.15
(iii) Depreciation on Fixed Assets	0.44	0.24
(iv) Others	281.39	228.73
Total - (B)	**596.99**	**554.48**
Net Deferred tax liability/ (Asset) (A-B)	**91.62**	**(17.34)**

1.8 Provisions and Contingencies recognised in the Consolidated Profit and Loss Account includes:

(Amount in ₹ Crore)

Sl. No.	Particulars	March 31, 2025	March 31, 2024
i)	Provision towards NPAs	926.80	463.27
ii)	Provision for Non-Performing Investments	(14.99)	1.26
iii)	Provision for Standard Assets	17.44	(200.85)
iv)	Provision for Taxation (refer Note 1.9)	1,386.34	1,333.47
v)	Provision towards other contingencies.	(10.04)	(4.09)
	Total	**2,305.55**	**1,593.06**

1.9 Amount of Provisions made for income-tax during the year:

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024
Provision for Income Tax		
a) Current Tax	1,386.70	1,227.03
b) Deferred Tax	(0.36)	106.44
Total	**1,386.34**	**1,333.47**

1.10 Details of penalty imposed by the Reserve Bank of India

The Bank

(Amount in ₹ Lakh)

Particulars	March 31, 2025	March 31, 2024
a) Penalty imposed on currency chests		
Number of instances of default	22	18
Quantum of penalty imposed	1.88	1.95
b) Penalty imposed on deficiency in regulatory compliances		
Number of instances of default	54	54
Quantum of penalty imposed	48.69	47.25

Fedbank Financial Services Limited

No Penalty was imposed on Fedbank Financial Services Limited for the reporting period FY 2024-25. (previous year: ₹ 8.80 lakhs)

THE FEDERAL BANK LIMITED

SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

1.11 Fixed Assets

A) Fixed Assets as per Schedule 10 include Software and System Development Expenditure. Details of group regarding the same are tabulated below:

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024
Gross Block		
At cost as on 31st March of the preceding year	571.33	515.91
Additions during the year	79.43	56.20
Deductions / Adjustments during the year	0.01	0.78
At the end of the year	**650.75**	**571.33**
Depreciation / Amortization		
At the beginning of the year	398.66	322.96
Charge for the year	87.94	76.33
Deductions during the year	-	0.63
Depreciation to date	**486.60**	**398.66**
Net Block	**164.15**	**172.67**

B) Revaluation of Fixed Assets

During the year 1995-96, the appreciation of ₹ 9.65 Crore in the value of land and buildings consequent upon revaluation by approved valuer was credited to Revaluation Reserve. There has been no revaluation of assets during the years ended March 31, 2025 and March 31, 2024.

1.12 Provisions and Contingencies

The Bank

a) Movement in provision for non-credit related* frauds included under other liabilities

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024
Opening balance	34.66	29.73
Additions during the year	2.92	5.23
Reductions during the year	(4.70)	(0.30)
Closing balance	**32.88**	**34.66**

* Provision for credit related frauds is included in Provision towards NPAs.

b) Movement in provision for other contingencies

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024
Opening provision	75.05	85.31
Provision made during the year	10.74	2.41
Provision utilized for write off during the year	(3.28)	(1.02)
Reductions during the year	(20.27)	(11.65)
Closing provision	**62.24**	**75.05**

c) Movement in floating provision:

(Amount in ₹ Crore)

Particulars	Standard Asset Provision		NPA Provision	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Opening balance	12.75	12.75	69.18	69.18
Provision made during the year	-	-	-	-
Amount drawn down during the year	-	-	-	-
Closing balance	**12.75**	**12.75**	**69.18**	**69.18**

1.13 Description of contingent liabilities

a) Claims against the Group not acknowledged as debts

These represent claims filed against the group in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax and other statutory authorities and disputed by the group.

b) Liability on account of forward exchange and derivative contracts

The Bank presently enters into foreign exchange contracts and interest rate swaps with interbank Counterparties and Customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows in the same currency based on fixed rates or benchmark reference. The notional amounts of such foreign exchange contracts and derivatives provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The fluctuation of market rates and prices cause fluctuations in the value of these contracts and the contracted exposure become favorable (assets) or unfavorable (liabilities). The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly as the aggregate contractual or notional amount of derivative financial instruments on hand can vary and the market rate fluctuations can decide the extent to which instruments are favorable or unfavorable.

c) Guarantees given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

d) Acceptances, endorsements and other obligations

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

e) Other items for which Group is contingently liable

Includes Capital commitments, amount transferred to RBI under the Depositor Education and Awareness (DEA) Fund etc.

(Refer Schedule 12 for amounts relating to Contingent Liabilities)

1.14 Provision for Long Term contracts

The Group has a process whereby periodically all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Group has reviewed and recorded adequate provision as required under any Law/ Accounting Standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements.

1.15 Small and Micro Industries

The Bank

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 02, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises.

(Amount in ₹ Crore)

Particulars	March 31, 2025		March 31, 2024	
	Principal	Interest	Principal	Interest
The principal amount and the interest due thereon remaining unpaid to any supplier	-	*	-	-
The amount of interest paid by the buyer in terms of Section 16, along with the amount of the payment made to the supplier beyond the due date	0.08	-	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under MSMED Act, 2006		*		-

THE FEDERAL BANK LIMITED

SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

(Amount in ₹ Crore)

Particulars	March 31, 2025		March 31, 2024	
	Principal	Interest	Principal	Interest
The amount of interest accrued and remaining unpaid		*		-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowed as a deductible expenditure under Section 23		*		-

* Represent less than ₹ 1 Lakh.

The above is based on the information available with the Bank which has been relied upon by the auditors.

Fedbank Financial Services Limited

The Company has taken steps to identify the suppliers who qualify under the definition of micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. The aforementioned is based on responses received by the Company to its enquires with suppliers with regard to applicability under the said Act. The details of amounts outstanding to Micro, Small and Medium Enterprises based on available Information with Company is as under:

Particulars	March 31, 2025	March 31, 2024
Principal amount remaining Unpaid as at the end of accounting year	-	-
Interest due on above and remaning unpaid as at the end of accounting year	-	-
Amount of Interest paid along with amount of payment made to supplier beyond the appointed day	-	-
Interest due on principal amounts paid beyond the due date during the year but without the interest amounts under this act.	-	-
Interest accrued and remaining unpaid	-	-
Amount of Further Interest remaining due and payable in succeeding year	-	-

Federal Operations and Services Limited

The Company had sought confirmation from the vendors as to whether they fall in the category of Micro or Small Enterprises. Based on the information available, the required disclosure for Micro and small enterprises under the above Act is given below:

	Particulars	March 31, 2025	March 31, 2024
a.	Principal Amount due and remaining unpaid as at the year end.	-	-
b.	Interest due thereon and remaining unpaid as at the year end	-	-
c.	Interest paid by the Company in terms of Section 16 of Micro, Small & Medium Enterprises Development Act, 2006 along with the amount of payment made to the supplier beyond the appointed day during the year.	-	-
d.	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	-	-
e.	Interest accrued and remaining unpaid as at the year end	-	-
f.	Further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

1.16 Corporate Social Responsibility (CSR)

The Bank

a) The gross amount required to be spent by the Bank on Corporate Social Responsibility (CSR) related activities during the year ended March 31, 2025, was ₹ 75.49 Crore (previous year ₹ 57.55 Crore).

b) The amount approved by the Board of the Bank to be spent during the year was ₹75.49 Crore(previous year ₹ 57.55 Crore).

c) Amount spent/transferred to separate CSR unspent account during the year is given below:

The following table sets forth, for the years indicated, the amount spent by the Bank on CSR related activities.

(Amount in ₹ Crore)

Sl. No.	Particulars	March 31, 2025			March 31, 2024		
		Spent during the year	Transferred to separate CSR unspent account	Total	Spent during the year	Transferred to separate CSR unspent account	Total
1.	Construction / acquisition of any asset	-	-	-	-	-	-
2.	On purpose other than (1) above	70.89*	17.41[$]	88.30	60.67[@]	10.34^	71.01

*Includes ₹ 9.97 Crore spent from unspent CSR account pertaining to ongoing projects of FY 2023-24, ₹ 2.51 crore for FY 2022–23 ongoing projects, and ₹ 0.33 crore for FY 2021–22 ongoing projects.

[$] ₹ 17.41 Crore pertaining to ongoing projects of FY 2024-25 was transferred to unspent CSR account within the prescribed timeline.

[@]Includes ₹ 13.46 Crore spent from unspent CSR account pertaining to ongoing projects of FY 2022-23.

^₹ 10.34 Crore pertaining to ongoing projects of FY 2023-24 was transferred to unspent CSR account within the prescribed timeline.

The following table sets forth the summary of amount pertaining to ongoing projects transferred to separate CSR unspent account:

(Amount in ₹ Crore)

Year	Opening Balance in Separate CSR unspent account	Amount required to be spent during the year	Amount spent during the year		Amount transferred to Separate CSR unspent account during the year	Closing Balance in Separate CSR unspent account
			From Bank's account	From Separate CSR unspent account		
2023-24	16.31	57.55	47.21	13.46	10.34	13.19
2024-25	13.19	75.49	58.08	12.82	17.41[$]	17.78

[$] ₹17.41 Crore was transferred to Unspent CSR account within the prescribed timeline.

The following table sets forth, for the years indicated, the details of related party transactions pertaining to CSR related activities as per Accounting Standard (AS) 18, Related Party Disclosures.

(Amount in ₹ Crore)

Sl. No.	Related Party	March 31, 2025	March 31, 2024
1	Federal Bank Hormis Memorial Foundation*	63.37[#]	59.23[@]

* Federal Bank Hormis Memorial Foundation (FHMF) is a trust in which KMPs of the Bank can exercise significant influence and is the implementation agency for Bank's CSR activities / programs / projects.

[#] Includes Donations to FHMF for projects sanctioned during FY 2024-25 amounting to ₹ 50.97 Crore, ₹ 9.81 Crore from unspent CSR account for FY 2023–24 ongoing projects, ₹2.29 Crore for FY 2022–23 and ₹0.30 Crore for FY 2021–22.

[@] Includes Donations to FHMF for projects sanctioned during FY 2023-24 amounting to ₹ 45.96 Crore and Donations to FHMF from unspent CSR account for ongoing projects identified during FY 2022-23 amounting to ₹ 13.27 Crore.

THE FEDERAL BANK LIMITED

SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

Fedbank Financial Services Limited

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024
Amount required to be spent	4.73	3.06
Amount spent during the year		
(a) Construction / acquisition of asset	-	-
(b) On purpose other than (a) above	4.73	3.10
Excess / (shortfall)	-	0.04
Amount required to be contributed to specified fund u/s 135(6)	-	-

Federal Operations and Services Limited

a) The gross amount required to be spent by the Company on Corporate Social Responsibility (CSR) related activities during the year ended 31st March 2025 was ₹ 0.11 Crores (Previous year ₹ 0.08 Crores).

b) The amount approved by the Board of the Company to be spent during the year was ₹ 0.11 Crores (Previous year ₹ 0.08 Crores).

c) Amount spent/ transferred to separate CSR unspent account during the year - Nil (Previous year Nil)

d) Amount of expenditure incurred during the year:

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024
- Construction/ acquisition of any asset	-	-
- on purposes other than above	0.11	0.08

e) Nature of CSR activities:

(Amount in ₹ Crore)

Particulars	March 31, 2025	March 31, 2024
- Promotion of education and skill development	0.04	0.03
- Promoting health care including preventive	0.05	0.03
- Ensuring environmental sustainability	0.02	0.02
- Administrative overheads	*	-
Total	**0.11**	**0.08**

* Denotes less than 1 lakh

f) There are no related party transactions in relation to CSR Expenditure.

1.17 Investor Education and Protection Fund

There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Group.

1.18 Disclosure under Rule 11(e) of the Companies (Audit and Auditors) Rules, 2014

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other person(s) or entity (ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Group (Ultimate Beneficiaries). The Group has not received any fund from any party(s) (Funding Party) with the understanding that the Group shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

1.19 Additional information on net assets and share of profits of the Bank, its subsidiaries, associates, and joint ventures as considered in the Consolidated Financial Statements

March 31, 2025

Name of the entity	Net Assets i.e. Total Assets minus Total Liabilities		Share of Profit or Loss	
	As % of Consolidated Net Assets	Amount (₹ in Crore)	As % of Consolidated Profit or Loss	Amount (₹ in Crore)
Parent: The Federal Bank Limited	96.77%	33,421.04	96.19%	4,000.68
Subsidiary: Fedbank Financial Services Limited	2.87%	992.74	2.83%	117.72
Federal Operations and Services Limited	0.07%	23.24	0.19%	7.91
Associate: Ageas Federal Life Insurance Company Limited	0.29%	101.30	0.54%	22.27
Equirus Capital Private Limited[$]	-	-	0.25%	10.27
Total	**100.00%**	**34,538.32**	**100.00%**	**4,158.85**

[$] During the year, Bank sold 7,050,000 equity shares of Equirus Capital Private Limited (ECPL), an associate entity of the Bank. Following the sale, the shareholders' agreement between the Bank, ECPL, and the promoter of ECPL was terminated and ECPL ceased to be an associate of the Bank.

March 31, 2024

Name of the entity	Net Assets i.e. Total Assets minus Total Liabilities		Share of Profit or Loss	
	As % of Consolidated Net Assets	Amount (₹ in Crore)	As % of Consolidated Profit or Loss	Amount (₹ in Crore)
Parent: The Federal Bank Limited	96.64 %	29,094.27	95.46%	3,703.94
Subsidiary: Fedbank Financial Services Limited	2.91 %	875.21	3.45%	134.01
Federal Operations and Services Limited	0.05 %	16.61	0.15%	5.98
Associate: Ageas Federal Life Insurance Company Limited	0.34 %	101.29	0.72%	27.81
Equirus Capital Private Limited	0.06 %	17.97	0.22%	8.69
Total	**100.00 %**	**30,105.35**	**100.00%**	**3,880.43**

THE FEDERAL BANK LIMITED

SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd..)

1.20 Additional disclosure

Additional statutory information disclosed in the separate financial statements of the Bank and subsidiaries have no material bearing on the true and fair view of the Consolidated Financial Statements and the information pertaining to the items which are not material have not been disclosed in the Consolidated Financial Statements.

1.21 Figures for the previous year have been regrouped and reclassified, wherever necessary to conform to current year's presentation.

As per our report of even date

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No: 105047W

Swapnil Kale
Partner
Membership No: 117812

For **Suri & Co**
Chartered Accountants
ICAI Firm Registration No: 004283S

G. Rengarajan
Partner
Membership No: 219922

Place: Mumbai
Date : April 30, 2025

For **The Federal Bank Limited**

Krishnan Venkat Subramanian
Managing Director & CEO
DIN: 00031794

A P Hota
Chairman
DIN: 02593219

Shalini Warrier
Executive Director
DIN: 08257526

Harsh Dugar
Executive Director
DIN: 00832748

Venkatraman Venkateswaran
Chief Financial Officer

Samir P Rajdev
Company Secretary

Manikandan Muthiah
Head - Financial Reporting

FORM AOC-I

(PURSUANT TO FIRST PROVISIO TO SUB-SECTION (3) OF SECTION 129 READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014)

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES / ASSOCIATE COMPANIES / JOINT VENTURES

PART "A": SUBSIDIARIES

As on/for the year ended March 31, 2025

(₹ in Thousands)

1.	Sl. No.	1	2
2.	Name of the subsidiary:	Fedbank Financial Services Limited	Federal Operations and Services Limited
3.	The date since when subsidiary was acquired	17/04/1995	26/10/2018
4.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	NA	NA
5.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	NA	NA
6.	Share Capital	3,727,200	100,000
7.	Reserves & surplus	19,746,700	236,686
8.	Total assets	131,453,900	440,660
9.	Total Liabilities	107,980,000	103,974
10.	Investments	3,953,800	-
11.	Turnover	20,609,800	1,051,345
12.	Profit before taxation	2,620,500	89,209
13.	Provision for taxation	691,500	10,088
14.	Profit after taxation	1,929,000	79,121
15.	Proposed Dividend	NIL	NIL
16.	Extent of shareholding (in %)	61.03	100.00

Notes:

1. Names of subsidiaries which are yet to commence operations - NIL
2. Names of subsidiaries which have been liquidated or sold during the year. – NIL
3. The reported figures of the subsidiaries are as per the audited financial statements prepared for the consolidation as per AS 21, Consolidated Financial Statements.

PART "B": ASSOCIATES AND JOINT VENTURES

STATEMENT PURSUANT TO SECTION 129 (3) OF THE COMPANIES ACT, 2013 RELATED TO ASSOCIATE COMPANIES AND JOINT VENTURES

Name of Associates/Joint Ventures		Ageas Federal Life Insurance Company Limited
1.	Latest audited Balance Sheet	31/03/2025
2.	Date on which the Associate or Joint Venture was associated or acquired	23/11/2006
3.	Shares of Associate/Joint Ventures held by the company on the year end	
	Number of shares held	208,000,000
	Amount of Investment in Associates/Joint Venture (₹ in Thousand)	2,080,000
	Extent of Holding (in %)	26.00%
4.	Description of how there is significant influence	Investment more than 20%
5.	Reason why the associate/joint venture is not consolidated	NA
6.	Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in Thousand)	3,047,196
7.	Profit / (Loss) for the year 2024-25 (₹ in Thousand)	
	i. Considered in Consolidation	222,658
	ii. Not Considered in Consolidation	633,718

Notes:

1. Names of associates or joint ventures which are yet to commence operations - NIL

2. Names of associates or joint ventures which have been liquidated or sold during the year – Equirus Capital Private Limited (ECPL). During the year the Bank sold 7,050,000 equity shares of ECPL, an associate entity of the Bank. Following the sale, the shareholders' agreement between the Bank, ECPL, and the promoter of ECPL was terminated and ECPL ceased to be an associate entity of the Bank with effect from November 15, 2024.

For **The Federal Bank Limited**

A P Hota
Chairman
DIN: 02593219

Krishnan Venkat Subramanian
Managing Director & CEO
DIN: 00031794

Shalini Warrier
Executive Director
DIN: 08257526

Harsh Dugar
Executive Director
DIN: 00832748

Venkatraman Venkateswaran
Chief Financial Officer

Samir P Rajdev
Company Secretary

Manikandan Muthiah
Head - Financial Reporting

Place: Mumbai
Date : April 30, 2025

BASEL III – PILLAR 3 DISCLOSURES AS ON 31st March 2025

SCOPE OF APPLICATION AND CAPITAL ADEQUACY

I. Table DF- 1 SCOPE OF APPLICATION

The Basel III capital adequacy norms are applicable to The Federal Bank Limited as the top consolidated entity in the group in line with the Reserve Bank of India (RBI) guidelines on the preparation of consolidated prudential reports.

Qualitative Disclosures

a) List of group entities considered for consolidation

Name of the entity / Country of incorporation	Whether the entity is included under accounting scope of consolidation (yes / no)	Explain the method of consolidation	Whether the entity is included under regulatory scope of consolidation (yes / no)	Explain the method of consolidation	Explain the reasons for difference in the method of consolidation	Explain the reasons if consolidated under only one of the scopes of consolidation
Fedbank Financial Services Ltd India	Yes	AS 21	Yes	AS 21	NA	NA
Ageas Federal Life Insurance Company Ltd India	Yes	AS 23	No	NA	NA	Ageas Federal is an insurance entity and has been risk weighted for capital adequacy purpose
Federal Operations and Services Limited	Yes	AS 21	Yes	AS 21	NA	NA

b) List of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation

Name of the entity / Country of incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of bank's holding in the total equity	Regulatory treatment of bank's investments in the capital instruments of the entity	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)
Nil					

Quantitative Disclosures

c) List of group entities considered for consolidation

(Amount in ₹ Mn.)

Name of the entity / country of incorporation (as indicated in (i)a. above)	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)
Fed bank Financial Services Ltd India	Marketing of Bank's own products and lending against gold and property.	23,473.80	1,31,453.80
Federal Operations and Services Limited	The company is engaged in the back office operational services for the bank	336.69	440.66
Ageas Federal Life Insurance Co. Ltd	Life Insurance Co. regulated by IRDA	11,720.00	1,90,113.20

d) The aggregate amount of capital deficiencies in all subsidiaries which are not included in the regulatory scope of consolidation i.e. that are deducted:

Name of the subsidiaries / country of incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of bank's holding in the total equity	Capital deficiencies
NIL				

e) The aggregate amounts (e.g. current book value) of the bank's total interests in insurance entities, which are risk-weighted:

(Amount in ₹ Mn.)

Name of the insurance entities / country of incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of bank's holding in the total equity / proportion of voting power	Quantitative impact on regulatory capital of using risk weighting method versus using the full deduction method
Ageas Federal Life Insurance Company Ltd India	Insurance	11,720.00	26%	CRAR will be reduced by 0.06% under deduction method

f) Restrictions or impediments on transfer of funds or regulatory capital within the banking group:

There are no restrictions or impediments on transfer of funds or regulatory capital within the banking group.

TABLE DF -2: CAPITAL ADEQUACY

1	**Qualitative disclosures**		
1.1	A summary discussion of the Bank's approach to assess the adequacy of its capital to support current and future activities		
	1. Policy on Internal Capital Adequacy Assessment Process has been put in place and the assessment of capital commensurate to the risk profile is reviewed on a quarterly basis.		
	2. Capital requirement for current business levels and estimated future business levels are assessed on a periodic basis.		
	3. The minimum capital required to be maintained by the Bank (including CCB) for the period ended 31 March,2025 is 11.50%. The given minimum capital requirement includes capital conservative buffer of 2.50%. Bank's CRAR is above the regulatory minimum as stipulated in Based III Capital Regulations.		
2	**Quantitative disclosures (Solo Bank)**		**(Amount in ₹ Mn)**
2.1	**Capital requirements for Credit risk**		**218411.26**
	Portfolios subject to Standardized approach		214461.06
	Securitization exposures		3950.20
2.2	**Capital requirements for Market risk (Standardized duration approach)**		**3100.43**
	Interest rate risk		2642.24
	Foreign exchange risk (including gold)		313.09
	Equity risk		145.10
2.3	**Capital requirements for Operational risk**		20106.15
	Basic Indicator Approach		20106.15
	Total Capital Requirements		241617.84

2.4	**Common Equity Tier 1, Tier 1 & Total Capital Ratios**	**Standalone**	**Consolidated**
	Common Equity Tier 1 capital ratio	15.04%	15.34%
	Tier 1 capital ratio	15.04%	15.34%
	Total capital ratio	16.40%	16.84%

*Capital requirement has been computed at 11.5% of RWA.

Risk Governance

Risk governance framework is a significant part of the overall governance framework, the framework through which the Board establishes the Bank's strategy as well as the risk approach, and the management takes decisions in adherence to the same. It also articulates and monitors adherence to the overall risk appetite as well as specific risk limits vis-à-vis Bank's strategy; and identifies, measures, manages or controls risks.



Structure and organization of Bank's Risk Management function

Bank has put in place an organizational framework for Bank-wide management of risk on integrated basis. The structure ensures coordinated process for measuring and managing all material risks on an enterprise-wide basis to achieve organizational goals. The structure is designed in tune with the regulatory guidelines.

Bank's Board at the top of the structure assumes overall responsibility for Bank-wide management of risk. The Board approves risk management policies of the Bank and sets risk exposure limits based on Bank's risk appetite and risk bearing capacity. Risk Management Committee of the Board assumes responsibility for devising policy and strategy for enterprise-wide risk management. The Committee also sets guidelines for measurement of risks, risk mitigation and control parameters and approves adequate infrastructure for risk management. The Committee meets regularly and reviews the reports placed before it on various risk areas.

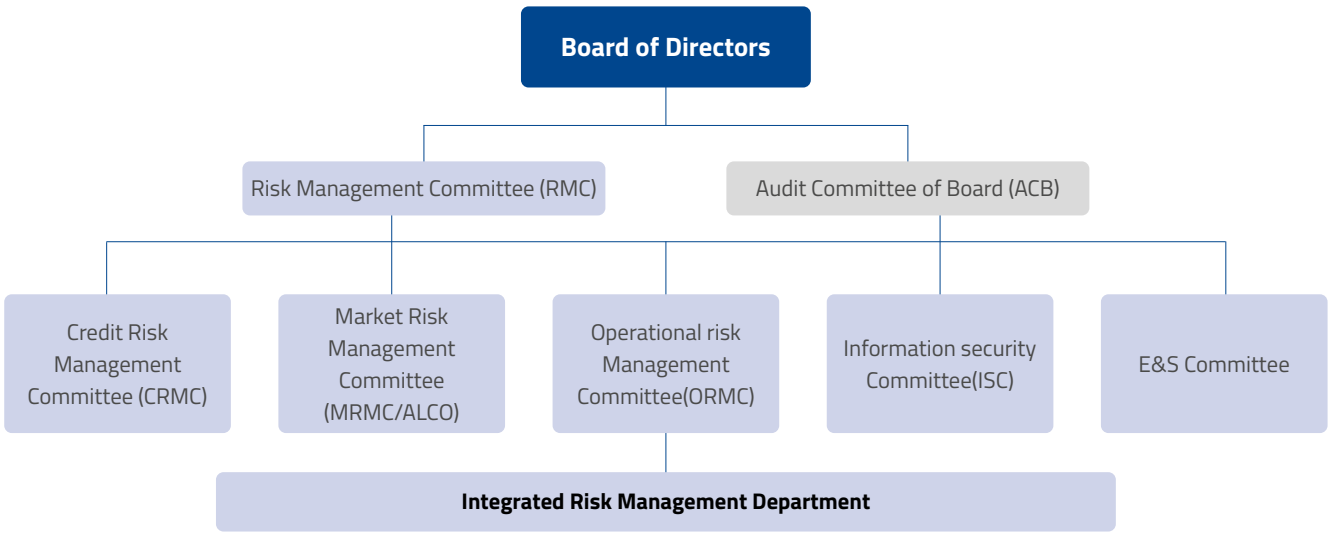
There are five support committees of senior executives viz Credit Risk Management Committee (CRMC), Market Risk Management Committee (MRMC also known as ALCO), Operational Risk Management Committee (ORMC), Information Security Committee (ISC) and E&S Committee, responsible for implementation of policies and monitoring of risk levels in their respective domains. The Committees are headed by Managing Director & CEO. Senior executives from respective functional areas and risk management are members of the Committee. The Committees meet regularly to take stock of various facets of risk management function and place their reports to Risk Management Committee of the Board. ALCO meets at least once in a month. Depending on requirement, ALCO meets at shorter frequencies. CRMC and ORMC meet at least once in a quarter subject to minimum of six meetings in a year. ISC and E&S Committee meets at least once in a quarter.

The major risks addressed are Credit Risk, Market Risk, Operational Risk, Residual Credit Risk, Concentration Risk, Interest Rate Risk,

Liquidity Risk, Strategic Risk, Reputation Risk, Human Resources Risk, Pension Obligation Risk, IT & Cyber Security Risk, Compliance Risk, Outsourcing Risk, Model Risk, Settlement Risk and E&S Risk. Other material risks identified from time to time are taken care of by one of the above said committees or other functional committees of executives, depending on the nature of risk.

Integrated Risk Management Department is responsible for overall identification, measurement, monitoring and controlling various types of risks faced by the Bank in its operations and compliance of risk management guidelines and policies issued by Regulator /Board. IRMD has four divisions: Credit Risk Division, Market Risk Division, Operational Risk Division and Information Security Division. E&S Division is presently attached to Market Risk Division. Division Heads report to the Chief Risk Officer who reports directly to the Managing Director & CEO.

Organization Structure:



RISK EXPOSURE AND ASSESSMENT

1. Credit risk

Strategies and processes:

The Bank is exposed to credit risk in its lending operations. The Bank's strategies to manage the credit risks are given below:

a) Defined segment exposures delineated into Business Banking, CV/CE, Commercial Banking, Corporate, Retail and Agri advances.

b) Industry wise segment ceilings on aggregate lending in respect of certain industries, ceilings have been fixed for specific geographies with a view to contain Concentration risk.

c) Individual borrower wise and borrower group wise lending ceilings linked as a percentage to the Bank's eligible capital base as at the end of the previous year.

d) Borrowers are subjected to credit rating and loans are granted only to those borrowers falling within defined thresholds of risk levels; the approach also includes diversification of borrowers within defined thresholds of risk levels.

e) Major business of the Bank is within India. However, bank has an IFSC branch located in GIFT City, Gujarat. In respect of cross border trade which would involve exposures to banks and financial institutions located outside India, there is a geographic cap on exposures apart from cap on individual bank / institution. Bank has also fixed ceiling for its foreign currency exposures.

f) Bank has adopted a well-defined approach for sourcing and underwriting loan proposals. Proper due diligence is carried out while sourcing fresh credit limits.

g) Credit sanctioning powers are granted as per Credit Delegation Policy based upon the amount and riskiness of the exposure.

h) Regular review of all credit policies including exposure ceilings are carried out with due approval of Bank's Board of Directors.

i) Credit hub system is put in place to enhance quality of credit appraisal and underwriting process.

j) Specialized Credit Advisory Teams operating at strategic locations to streamline and monitor credit processes

within the credit hubs, evaluate and chart action plans to act on EWS, conduct unit visit of stressed account and formulate other measures to maintain standard health classification of credit exposures.

k) Dedicated Credit Monitoring Department at national level and other key geographies to monitor / follow up of performance of loans and advances.

l) Credit Administration Department at central level and at other key geographies are formed to ensure compliance of documentation formalities and submission of post credit monitoring reports / compliance of sanction order covenants.

m) Market Intelligence Unit is formed under IRMD with cross functional team members to facilitate the collection and processing of multiple sources of information on large borrowers with an objective to prevent adverse selection of borrowers and throw up early warning signals of possible fraud or credit risk.

n) Robust statistical score cards are used for retail credit appraisal process.

o) Bank also uses Behavioral / transactional models for monitoring the transaction behavior of loan accounts.

p) Model validation is done on yearly basis to assess the discriminatory power and stability of the models.

q) Bank has laid down appropriate mechanisms for ongoing identification, development and assessment of expertise of officials in the area of credit appraisal, underwriting and credit management functions.

r) Internal credit rating of all credit proposals above ₹ 10 Crores is confirmed by Integrated Risk Management Department.

s) Bank has adopted the best ESMS practices to minimise environmental and social risks associated with lending activities.

Structure and organization of risk management function:

Bank has put in place Board approved comprehensive Credit Risk Management Policy. The policy aims to provide basic framework for implementation of sound credit risk management system in the Bank. It spells out various areas of credit risk, goals to be achieved, current practices and future strategies. Bank has also operationalized required organizational structure and framework as prescribed in the policy for efficient credit risk management through proactive identification, precise measurement, fruitful monitoring and effective control of credit risk arising from its credit and investment operations. Risk Management Committee of the Board oversees Bank wide risk management and senior executive level Credit Risk Management Committee monitors adherence to policy prescriptions and regulatory directions. CRMC of the Bank meets at least once in a quarter (subject to minimum of 6 meetings in a year) to take stock of Bank's credit risk profile based on the reports placed by Credit Risk Division of Integrated Risk Management Department.

Bank has put in place a detailed Loan Policy spelling out various aspects of Credit dispensation and Credit administration. Loan policy stipulates measures for avoiding concentration risk by setting prudential limits and caps on sector wise, rating grade wise, security wise and customer-constitution wise exposure. CRM policy gives specific instructions on valuation of collaterals. Bank has also put in place guidelines on fixing and monitoring of exposure ceilings to contain risk in credit and investment exposures.

Bank has also put in place an 'Environmental and Social Management System (ESMS) Policy' for all lending activities. Adoption of ESMS practices for lending activities strengthens Bank's commitment for the cause of sustainable development as desired by the government, regulators and other stakeholders. ESMS policy enables Bank to minimize environmental and social impacts posed by the lending activities. The policy ensures more focus on funding to the borrowers whose projects are sustainable and environment friendly. This is achieved through meticulous risk categorization of the borrowers and by ensuring that the funds lent by Bank will be used for purposes / activities which have minimal impact on the environment and the society.

Scope and nature of risk reporting / measurement systems:

Bank has implemented comprehensive risk rating system that serves as a single point indicator of diverse risk factors of counterparty and for taking credit decisions in a consistent manner. Risk rating is made applicable for all loan accounts irrespective of amount, whether funded or non-funded. However, staff loans, loan against liquid securities, pre-approved loans etc are exempted from rating. Bank uses different rating models which are two dimensional, viz obligor rating and facility rating. Risk rating models are drawn up in a structured manner, incorporating different factors such as borrower specific characteristics, industry specific characteristics, financials, securities offered etc.

Bank has specific rating models capable of rating large corporates, traders, SME, Non-Banking Finance Companies (NBFCs), real estate and service sector clients. Retail advances, small value loans and retail agriculture loans are rated using applicable score cards. Transactional / behavioral scorecards have been developed for all major retail portfolios and are used for monitoring the performance of the borrower post onboarding. All rating models are subjected to annual validation by objectively assessing the discriminatory power, stability of ratings and calibration of models are undertaken, if necessitated.

Rating process and rating output are used by the Bank in sanction and pricing of its exposures. All internal credit ratings assigned for credit facilities above ₹ 5 crores are reviewed on a half yearly basis using a review scorecard and a full- fledged rating review is conducted annually for credit facilities above 2 Crore. Default study/migration study is conducted annually for exposures above ₹ 2 Cr and the internal ratings are benchmarked with the external ratings.

Credit facilities are sanctioned at various levels in accordance with the delegation policy approved by the Board. Bank has generally adopted a committee approach for credit sanction.

Credit rating assigned by an official is also subjected to confirmation by another official. Credit audit is being conducted at specified intervals. Credit risk mitigation techniques are resorted to contain the risk at the minimum level

Policies for hedging / mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants:

Bank's Credit Risk Management Policy stipulates various tools for mitigation of credit risk and collateral management. Investment Policy of the Bank covers risk related to investment activities of the Bank and it prescribes prudential limits, methods of risk measurement, and hedges required in mitigation of risk arising in investment portfolio. Risk Management Committee of the Board and executive level Credit Risk Management Committee monitor, discuss, evaluate and review risk mitigation levels and effectiveness of mitigation measures.

Risk rating process by itself is an integral part of the process for selection of clients and sanction of credit facilities. Exercise of delegation for sanction of fresh loans or renewal / review of existing exposure by field level functionaries is permitted only for borrowers above a threshold rating grade. Entry-level restrictions are further tightened in certain sectors where market signals need for extra caution.

2. Market risk

Strategies and processes:

Market risk is monitored through various risk limits set vide Board approved Market Risk Management Policy. Detailed policies like Asset Liability Management Policy, Investment, Forex and Derivatives Policy, Market Risk Management Policy etc. are put in place for the conduct of business exposed to Market risk and also for effective management of all market risk exposures.

The policies and practices also take care of monitoring and controlling of liquidity risk arising out of its banking and trading book operations.

Structure and organization of risk management function:

Risk Management Committee of the Board oversees bank-wide risk management. Asset Liability Management Committee (ALCO), also known as Market Risk Management Committee, is primarily responsible for establishing Market Risk Management and Asset Liability Management in the Bank. ALCO is responsible for implementing risk management guidelines issued by the regulator, leading risk management practices followed globally and monitoring adherence to the internal parameters, procedures, practices / policies and risk management prudential limits.

Independent Mid office, which forms a part of Market Risk Division of IRMD, is operational in the floor of Bank's Treasury for onsite monitoring of Treasury functions. The Mid Office conducts market risk management functions like onsite monitoring of adherence to set limits, independent valuation and reporting of activities. It also computes capital charge for market risk and VaR of market portfolios on a daily basis. This separate desk monitors market / operational risks in Bank's Treasury/ Forex operations on a daily basis.

Scope and nature of risk reporting / measurement systems:

Bank has put in place regulatory/ internal limits for various products and business activities relating to trading book. Non-SLR investment exposures are subjected to credit rating. Limits for exposures to counterparties, industries and countries are monitored and risks are controlled through Stop Loss Limits, Overnight Limit, Daylight Limit, Aggregate Gap Limit, Individual Gap Limit, Inter-Bank dealing and investment limits etc. Parameters like Modified Duration, VaR etc. are used for Risk management and reporting.

Policies for hedging/ mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants:

Policies for hedging/ mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants are discussed in ALCO and based on the views taken by/ mandates given by ALCO, hedge deals/ mitigation steps are undertaken.

Liquidity risk of the Bank is assessed through Statements of Structural Liquidity, Liquidity Coverage Ratio, Net Stable Funding Ratio and Short-Term Dynamic Liquidity. The liquidity profile of the Bank is measured on static and dynamic basis using the Statements of Structural Liquidity and Short-Term Dynamic Liquidity respectively. Structural liquidity position and Liquidity Coverage Ratio are computed on a daily basis whereas Net Stable Funding ratio and Dynamic liquidity position is assessed on a monthly basis.

Additional prudential limits on liquidity risk fixed as per ALM policy of the Bank are monitored by ALCO on a monthly basis. Interest rate risk is analyzed from earnings perspective using Traditional Gap Analysis and Economic value perspective using Duration Gap Analysis on a monthly basis. Based on the analysis, steps are taken to minimize the impact of interest rate changes.

Bank is computing LCR (Liquidity Coverage Ratio) on a daily basis and NSFR (Net stable funding ratio) on a monthly basis. Advanced techniques such as Stress testing, sensitivity analysis etc. are conducted periodically to assess the impact of various contingencies.

3. Operational risk

Strategies and processes:

The Bank is exposed to operational risk in all its activities. Operational risk is primarily managed by prescribing adequate controls and mitigation measures, which are being reviewed and updated on a regular basis, to suit the changes in business practices, organization structure and risk profile. Business Continuity and Disaster Recovery Plans are established to ensure continuity of critical operations of the Bank and safety of its people. Robust information and cyber security frameworks are established for securing the IT infrastructure and systems of the Bank.

Structure and organization of risk management function:

Bank has put in place a detailed framework for Operational Risk Management with a well-defined ORM Policy. The Risk Management Committee of the Board oversees Bank-wide operational risk management. Operational Risk Management Committee (ORMC) at the executive level oversees bank wide implementation of Board approved policies and processes in this regard. The Operational risk management framework of the Bank also encompasses information and cyber security framework for securing the IT infrastructure and systems. The executive level Information Security Committee (ISC) is responsible for implementation of strategies and policies for protection of all information assets of the Bank. The Information Security Team headed by the Chief Information Security Officer (CISO) formulates and periodically reviews the information and cyber security policies and practices.

Scope and nature of risk reporting / measurement systems:

Bank is collecting operational risk loss data directly from the loss originating points. Bank has established a separate accounting procedure for operational risk events to enhance transparency and to enable effective monitoring of loss events. The operational risk loss data is consolidated, analysed and reported to the Operational Risk Management Committee at least on a quarterly basis.

Bank is conducting RCSAs (Risk and Control Self-Assessments) regularly to assess the level of inherent and residual risks and appropriate controls are introduced, wherever necessary, to reduce the risk levels. The controls are frequently tested based on the level of the underlying risk and if failure exceeds defined thresholds, immediate steps are initiated for remediation/ improvement of the failed control.

Bank is monitoring Key Risk Indicators on a periodical basis for assessing the changes in operational risk profile and triggering reviews and corrective actions, if required.

Policies for hedging / mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants:

A robust control mechanism covering centralized processing, segregation of duties, straight through processing, timely reconciliation, user access controls etc. is in place and periodically reviewed. Wherever deficiencies are found in the processes or improvements are required to the mitigants, measures to remediate the same are taken up by the respective functional owners. Various training and awareness programs are conducted to improve awareness among the staff regarding the internal controls and procedures as also the various actions to be taken to avoid or minimize operational risks.

Prior to launching of any new product or process or alteration of any existing product or process, all relevant risks are analyzed, and processes and controls established to manage the risks involved.

As information & communication technologies are relied on for delivery of banking services, robust system level controls are put in place to ensure the confidentiality, integrity and availability of information systems in the Bank. There is a Security Operations Centre (SOC) which performs security monitoring round the clock. Bank has also received ISO 27001 accreditation for its critical IT areas.

To evaluate the effectiveness of the business continuity arrangements, periodic drills and tests are conducted. Bank has implemented a Business Continuity Management System in conformance with ISO 22301 standards for its IT, centralized operations and clearing functions.

A preventive vigilance framework is in place, whereby various transactions are monitored by dedicated teams from the angle of fraud risk and AML. Bank is also using insurance for reducing the impact of various operational risk losses and liabilities.

The Internal Audit Department undertakes various audits like RBIA, Revenue Audit, IS Audit, Special Audit, Management Audit etc. to provide an independent assurance on the management of operational risks.

4. Interest rate risk in Banking Book

Strategies and processes:

Interest Rate Risk is assessed in two perspectives – Earnings perspective using Traditional Gap Analysis to assess the impact of adverse movement in interest rate on the Net Interest Income (Earnings at Risk) and Economic value perspective using Duration Gap Analysis to assess the impact of adverse movement in interest rate on the market value of Bank's equity.

Structure and organization of risk management function:

Risk Management Committee at the Board level and ALCO at the executive level are responsible for effective management of Interest Rate Risk in Bank's business. Board approved ALM Policy governs the Interest rate risk management framework of the Bank. Market Risk Management Policy takes care of the management of Interest rate risk in the Trading Book of the Bank.

Scope and nature of risk reporting / measurement systems:

Interest rate risk in Banking Book is assessed and Modified Duration of Equity is evaluated on a monthly basis. The likely drop in Market Value of Equity for 200 bps change in interest rates is computed and benchmarked under the Internal Capital Adequacy Assessment Process for computation of Pillar II capital charge for Interest Rate Risk. Earnings at Risk based on Traditional Gap Analysis are calculated on a monthly basis. The results of Duration Gap Analysis as well as that of Traditional Gap Analysis including the adherence to tolerance limit set in this regard is monitored and is placed before ALCO for approval. Stress tests are conducted to assess the impact of interest rate risk under different stress scenarios on earnings of the Bank

Policies for hedging / mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants:

Bank has put in place mitigating / hedging measures prescribed by Investment Forex and derivative Policy, ALM Policy, Market Risk Management Policy. Risk profiles are analyzed and mitigating strategies/ hedging process are suggested and operationalized by Treasury Department with the approval of Senior Level Committees.

TABLE DF – 3: CREDIT RISK: GENERAL DISCLOSURES

Qualitative disclosures

Definitions of past due and impaired (for accounting purposes):

1. Non-Performing Assets

   An asset including a leased asset becomes non-performing when it ceases to generate income for the bank. A non-performing asset (NPA) is a loan or an advance where

   a. Interest and/ or installment of principal remain overdue for a period of more than 90 days in respect of a term loan.

   b. The account remains 'Out of order' as indicated in paragraph 2 below, in respect of an Overdraft / Cash Credit (OD/CC).

   c. The bill remains overdue for a period of more than 90 days in case of bills purchased and discounted.

   d. The installment of principal or interest thereon remains overdue for two crop seasons for short duration crops.

   e. The installment of principal or interest thereon remains overdue for one crop season for long duration crops.

   f. The amount of liquidity facility remains outstanding for more than 90 days, in respect of securitization transaction undertaken in terms of the Reserve Bank of India (Securitization of Standard Assets) Directions, 2021.

   g. The overdue receivables representing positive mark-to-market value of a derivative contract remaining unpaid for a period of 90 days from the specified due date for payment, in respect of derivative transactions.

   h. The minimum amount due, as mentioned in the statement, is not paid fully within 90 days from the payment due date mentioned in the statement, in respect of credit card.

   i. The accounts with following temporary deficiencies.

      i. Drawings in the working capital account based on drawing power calculated from stock statements older than three months, would be deemed as irregular. Such account will turn NPA if such irregular drawings are permitted in the account for a continuous period of 90 days.

      ii. Regular/ ad hoc credit limits which is not reviewed/ renewed within 180 days from the due date/ date of ad hoc sanction will be treated as NPA.

2. 'Out of Order' status

   A Cash Credit / Overdraft account will be treated as 'Out of Order' if

   a) The outstanding balance in the CC/OD account remains continuously in excess of the sanctioned limit/drawing power for 90 days, or

   b) The outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but there are no credits continuously for 90 days, or the outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but credits are not enough to cover the interest debited during the previous 90 days period.

3. 'Overdue'

   Any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the bank.

4. Special Mention Accounts

   As prescribed by RBI, the Bank is required to identify incipient stress in the account by creating a Sub Asset category named as 'Special Mention Accounts' (SMA). It is considered as a corrective action plan to arrest slippages of standard assets to NPA. Accordingly, Bank is identifying three sub categories under SMA as below:

SMA Sub-categories	Basis for classification - Principal or interest payment or any other amount wholly or partly overdue between
SMA-0	1 - 30 days
SMA-1	31 - 60 days
SMA-2	61 - 90 days

In the case of revolving credit facilities like cash credit, the SMA sub-categories will be as follows

SMA Sub-categories	Basis for classification – Outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for a period of:
SMA-1	31- 60 days
SMA-2	61 – 90 days

The above norms pertaining to classifying borrower accounts into SMA categories will be applicable for all loans (including retail loans), other than agricultural advances governed by crop season-based asset classification norms.

Credit Risk

Credit Risk may be defined as

a. Inability or unwillingness of the counterparty to pay interest, repay principal or otherwise to fulfill their contractual obligations under loan agreements or other credit facilities.

b. Downgrading of counterparties whose credit instruments, the Bank may be holding, causing the value of those assets to fall.

c. Settlement Risk (possibility that the Bank may pay counterparty and fail to receive the corresponding settlement in return).

Discussion of the Bank's Credit Risk Management Policy:

Bank has put in place a detailed Credit Risk Management Policy. The goal of this policy is to create a transparent framework for identification, assessment and effective management of credit risk in all operations of the Bank and to secure organizational strength and stability in the long run. The policy aims at contributing to the Bank's profitability by efficient and profitable utilization of a prudent proportion of the Bank's resources and maintaining a reasonably balanced portfolio of acceptable risk quality through diversification of credit risks. The policy also envisages optimizing returns with satisfactory spread over funding cost and overheads.

The policy deals with the structure, framework and processes for effective management of inherent credit risk. Credit Risk Management Policy also provide a framework for identification of stressed sectors in the economy and creating additional provision for exposures to these sectors.

(Amount in ₹ Mn.)

Quantitative disclosures	Fund based exposure*	Non-fund based exposure**	Total
Total gross credit risk exposures (after accounting offsets in accordance with the applicable accounting regime and without taking into account the effects of credit risk mitigation techniques)	30,15,596.19	3,25,201.32	33,40,797.51
Geographic distribution of exposures (same basis as adopted for segment reporting adopted for compliance with AS 17)			
Overseas	24,787.27	0.00	24,787.27
Domestic	29,90,808.92	3,25,201.32	33,16,010.24

*Fund based exposures include all type of funded facilities including the un availed limits and inter-bank exposures. However, exposures to Food Credit, RIDF related exposures, deposits to SIDBI, NABARD and NHB for priority sector lending purposes are excluded.

**Non fund based exposures include guarantees, Letters of Credit and Co-Acceptances of bills/ deferred payment guarantees.

INDUSTRY TYPE DISTRIBUTION OF EXPOSURES

(With industry break up on same lines as prescribed for DSB returns)

(Amount in ₹ Mn.)

Industry Name	Total Credit Exposure Funded	Total Credit Exposure Non-Funded	Total Credit Exposure (Funded and Non-Funded)	% to Gross Credit Exposure
A. Mining and Quarrying	**6535.73**	**1303.72**	**7839.45**	0.23%
A.1 Coal	407.66	3.04	410.70	0.01%
A.2 Others	6128.07	1300.68	7428.75	0.22%
B. Food Processing	**81102.11**	**3132.50**	**84234.61**	**2.52%**
B.1 Sugar	3205.43	0.00	3205.43	0.10%
B.2 Edible Oils and Vanaspati	6789.58	1254.44	8044.02	0.24%
B.3 Tea	3361.93	7.22	3369.15	0.10%
B.4 Coffee	6407.99	287.34	6695.33	0.20%
B.5 Others	61337.18	1583.51	62920.69	1.88%
C. Beverages (excluding Tea & Coffee) and Tobacco	**20780.41**	**3.50**	**20783.91**	**0.62%**
C.1 Tobacco and tobacco products	91.89	0.00	91.89	0.00%
C.2 Others	20688.52	3.50	20692.02	0.62%
D. Textiles	**82541.64**	**3723.09**	**86264.72**	**2.58%**
D.1 Cotton	17984.80	1206.48	19191.28	0.57%
D.2 Jute	360.52	1.60	362.12	0.01%
D.3 Man-made	3421.84	205.03	3626.87	0.11%
D.4 Others	60774.47	2309.99	63084.45	1.89%
Out of D (i.e., Total Textiles) to Spinning Mills	18999.82	568.42	19568.24	0.59%
E. Leather and Leather products	**686.66**	**31.85**	**718.51**	**0.02%**
F. Wood and Wood Products	**8885.23**	**503.94**	**9389.17**	**0.28%**
G. Paper and Paper Products	**8918.87**	**1131.42**	**10050.28**	**0.30%**
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	**11786.03**	**1172.41**	**12958.44**	**0.39%**
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	**82348.90**	**15632.93**	**97981.83**	**2.93%**
I.1 Fertilizers	14084.08	4601.11	18685.20	0.56%
I.2 Drugs and Pharmaceuticals	31581.71	1748.82	33330.53	1.00%
I.3 Petro-chemicals (excluding under Infrastructure)	3555.19	1788.97	5344.17	0.16%
I.4 Others	33127.92	7494.03	40621.94	1.22%
J. Rubber, Plastic and their Products	**19833.22**	**1363.12**	**21196.34**	**0.63%**
K. Glass, Glassware and other non-metallic mineral products (Except Cement and Cement products)	**3890.02**	**931.06**	**4821.08**	**0.14%**
L. Cement and Cement Products	**15191.88**	**711.12**	**15903.00**	**0.48%**

(Amount in ₹ Mn.)

Industry Name	Total Credit Exposure Funded	Total Credit Exposure Non-Funded	Total Credit Exposure (Funded and Non-Funded)	% to Gross Credit Exposure
M. Basic Metal and Metal Products	**65456.21**	**11589.80**	**77046.01**	**2.31%**
M.1 Iron and Steel	41445.48	8899.29	50344.77	1.51%
M.2 Other Metal and Metal Products	24010.73	2690.51	26701.24	0.80%
N. All Engineering	**60155.26**	**25199.59**	**85354.84**	**2.55%**
N.1 Electronics	8088.72	604.88	8693.60	0.26%
N.2 Others	52066.54	24594.70	76661.24	2.29%
O. Vehicles, Vehicle Parts and Transport Equipments	**47758.59**	**4200.39**	**51958.97**	**1.56%**
P. Gems and Jewellery	**18086.78**	**396.48**	**18483.26**	**0.55%**
Q. Construction	**17996.55**	**24397.64**	**42394.19**	**1.27%**
R. Infrastructure (Pertaining to Industries Sector Only)	**251734.58**	**82197.50**	**333932.07**	**10.00%***
R1. Transport and adjoining Infrastructure	15556.43	3505.59	19062.02	0.57%
R2. Energy	118657.31	13511.89	132169.20	3.96%
R3. Water and Sanitation	573.89	2411.46	2985.35	0.09%
R4. Communication	17688.58	1231.32	18919.90	0.57%
R5. Social and Commercial Infrastructure	16232.47	1804.03	18036.50	0.54%
R6. Others	83025.90	59733.21	142759.11	4.27%
S. Other Industries	**21292.96**	**2327.79**	**23620.75**	**0.71%**
1. Industry (A to S)	**824981.60**	**179949.83**	**1004931.44**	**30.08%**
2. Agriculture and Allied Activities	**334837.22**	**76.18**	**334913.40**	**10.02%**
3. Services	**836654.85**	**145175.31**	**981830.16**	**29.39%**
4. Retail Loans	**899901.95**	**0.00**	**899901.95**	**26.94%**
5. Interbank exposure	**94433.30**	**0.00**	**94433.30**	**2.83%**
6. Overseas	**24787.27**	**0.00**	**24787.27**	**0.74%**
Total Exposure (1 to 6)	**3015596.19**	**325201.32**	**3340797.51**	**100.00%**

* Total exposure exceeds 5% of gross credit exposure

RESIDUAL CONTRACTUAL MATURITY BREAKDOWN OF ASSETS (maturity bands as used in ALM returns are used)

(Amount in ₹ Mn.)

	Cash	Balances with RBI	Balances with other banks	Investments	Advances	Fixed assets	Other assets	Total
Day 1	89542.10	6130.18	13966.21	123711.24	16240.83	0.00	7103.91	256694.48
2 – 7 days	0.00	1361.68	66278.04	23.98	8862.47	0.00	15306.59	91832.77
8-14 days	0.00	1318.07	406.03	0.00	21057.93	0.00	0.18	22782.22
15-30 days	0.00	2343.86	20094.63	4135.29	39553.76	0.00	3.90	66131.43
31 days & up to 2 months	0.00	5303.15	4273.75	25508.02	70208.74	0.00	12.86	105306.51
Over 2 months & up to 3 months	0.00	6297.66	0.00	11009.33	82661.60	0.00	1867.91	101836.49
Over 3 months & up to 6 months	0.00	15253.42	0.00	25372.97	194359.31	0.00	6696.70	241682.41
Over 6 months & up to 1 year	0.00	27057.65	0.00	44893.17	261053.06	0.00	19076.19	352080.07
Over 1 year & up to 3 years	0.00	45548.38	25.91	116546.23	1071782.08	0.00	34153.02	1268055.62
Over 3 years & up to 5 years	0.00	2289.11	3.50	149353.27	212285.84	0.00	27628.47	391560.18
Over 5 years & upto 7 years	0.00	217.95	0.00	103107.82	122599.72	0.00	40552.09	266477.58
Over 7 years & up to 10 years	0.00	877.76	0.00	37632.54	93702.42	0.00	177.47	132390.19
Over 10 year & up to 15 years	0.00	3.36	0.00	38.27	85358.81	0.00	21.65	85422.10
Over 15 years	0.00	0.03	0.00	21123.95	68637.38	14782.70	3251.90	107795.97
Total	**89542.10**	**114002.26**	**105048.07**	**662456.07**	**2348363.95**	**14782.70**	**155852.85**	**3490048.01**

ASSET QUALITY

Advances

(Amount in ₹ Mn.)

Amount of Non-Performing Assets (Gross)	43,755.37
Substandard	14,046.60
Doubtful 1	8,013.10
Doubtful 2	9,439.07
Doubtful 3	7,326.17
Loss	4,930.42

(Amount in ₹ Mn.)

Net NPA	10,403.76
NPA ratios	
Gross NPAs to gross advances (%)	1.84%
Net NPAs to net advances (%)	0.44%
Movement of NPAs (Gross)	
Opening balance (balance as at the end of previous Fiscal)	45,288.65
Additions during the period	18,471.34
Reductions	20,004.63
Closing balance	43,755.36

Movement of provisions

(Amount in ₹ Mn.)

	Specific Provision	General Provision
Opening balance (balance as at the end of previous Fiscal)	31,501.40	691.80
Provisions made during the period	15,018.74	-
Write Off	7,400.69	-
Write back of excess provisions	6,830.76	-
Any other adjustments, including transfers between provisions	-	-
Closing balance	**32,288.69**	**691.80**

Details of write offs and recoveries that have been booked directly to the income statement

(Amount in ₹ Mn.)

Write offs that have been booked directly to the income statement	1.29
Recoveries that have been booked directly to the income statement	1,639.00

Investments

(Amount in ₹ Mn.)

Amount of Non-Performing Investments (Gross)	718.50
Amount of provisions held for Non-Performing Investments	718.50
Movement of provisions for depreciation on investments	
Opening balance (balance as at the end of previous Fiscal)#	150.73
Provisions made during the period	-
Write-off	-
Write-back of excess provisions	(112.97)
Closing balance	37.76

Note: Opening balance of the provision represents the amount not transferred to General Reserves in accordance with the RBI Master Direction on Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2023

Major Industry breakup of NPA

(Amount in ₹ Mn.)

Industry	Gross NPA	Specific Provision
NPA in Top 5 industries	5369.37	3888.98

Geography wise Distribution of NPA and Provision

(Amount in ₹ Mn.)

Geography	Gross NPA	Specific Provision	General Provision
Domestic	43,755.37	32,288.69	691.80
Overseas	-	-	-
Total	43,755.37	32,288.69	691.80

TABLE DF – 4: DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDIZED APPROACH

1 Qualitative disclosures

For portfolios under the Standardized Approach:

Names of credit rating agencies used, plus reasons for any changes:

Bank has approved all the six External Credit Rating Agencies accredited by RBI for the purpose of credit risk rating of domestic borrower accounts that forms the basis for determining risk weights under Standardized Approach.

External Credit Rating Agencies approved are:

1. CRISIL Ratings Ltd
2. CARE
3. India Ratings and Research Private Limited (Formerly FITCH INDIA)
4. ICRA
5. Acuite Rating & Research (Formerly SMERA Ratings Ltd)
6. INFOMERICS Valuation and Rating Pvt. Ltd. (INFOMERICS)
7. Brickwork Ratings India Pvt. Ltd. (BRICKWORK)*

*Subject to the conditions specified in RBI circular RBI/2024-25/50 DOR.STR.REC.26/21.06.008/2024-25 dated 10th July 2024.

Bank is also using the ratings of the following international credit rating agencies for assigning risk weights to claims for capital adequacy purposes where the exposure can be specified as international exposure:

1. Fitch;
2. Moody's and
3. Standard & Poor's

With respect to external credit rating, Bank is using long term ratings for risk weighting all long-term claims and unrated short-term claims on the same counterparty. However, short term rating of a counterparty is used only to assign risk weight to all short-term claims of the obligor and not to risk weight unrated long-term claims on the same counterparty.

Types of exposure for which each agency is used:

1. Rating by the agencies is used for both funds based and non-fund-based exposures.
2. Short Term Rating given by the agencies is used for exposure with contractual maturity of less than or equal to one year (except Cash Credit, Overdrafts and other Revolving Credits).
3. Long Term Rating given by the agencies is used for exposures with contractual maturity of above one year and also for Cash Credit, Overdrafts and other Revolving Credits.
4. Rating assigned to one particular entity within a corporate group is not used to risk weight other entities within the same group.

The rating reviewed, at least once during past 15 months will only be considered for risk weighting purposes.

Description of the process used to transfer public issue ratings into comparable assets in the Banking Book:

The ratings available in public domain are mapped according to mapping process as envisaged in RBI guidelines on the subject.

Issue Specific Ratings (Bank's own exposures or other issuance of debt by the same borrower constituent/ counterparty) or Issuer Ratings (borrower constituent/ counterparty) are applied to unrated exposures of the same borrower constituent/ counterparty subject to the following:

1. Issue specific ratings are used where the unrated claim of the Bank ranks paripassu or senior to the rated issue / debt.
2. Wherever issuer rating or issue specific ratings are used to risk weight unrated claims, such ratings are extended to entire amount of claim on the same counterparty.
3. Ratings used for risk weighting purposes are confirmed from the websites of the rating agencies concerned. The name of the lender and the credit facility shall be published by the rating agency.

2. Quantitative disclosures

	Risk Weight	(Amount in ₹ Mn.)
Risk weight wise details of exposures (rated and unrated) after risk mitigation subject to the Standardized Approach (Credit equivalent amount of all exposures subjected to Standardized Approach, after risk mitigation)	Below 100 %	2315435.58
	100 %	663220.09
	More than 100 %	399535.76
	Deducted*	6796.16
	Total	**3378191.43**

*Investment in subsidiary

TABLE DF – 5: CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDIZED APPROACHES

1 Qualitative disclosures

Disclosures on credit risk mitigation methodology adopted by the Bank that are recognized under the Standardized Approach for reducing capital requirements for credit risk

1.1 Policies and processes for, and an indication of the extent to which the bank makes use of, on- and off-balance sheet netting

Bank has no practice of on-balance sheet netting for credit risk mitigation. Eligible collaterals taken for the exposures are separately earmarked and the exposures are expressed without netting.

1.2 Policies and processes for collateral valuation and management

Bank has put in place Board approved policy on Credit Risk Management in which Collateral Management and credit risk mitigation techniques used by the Bank for both Risk management and capital computation purposes are separately included. The Loan policy of the Bank covers various aspects of valuation of collaterals.

1.3 Description of the main types of collateral taken by the Bank

Collaterals used by Bank as risk mitigants for capital computation under Standardized Approach comprise eligible financial collaterals namely:

1. Cash margin and fixed deposits of the counterparty with the Bank.
2. Gold jewel of purity 91.6% and above, the value of which is notionally converted to value of gold with 99.99% purity.
3. Securities issued by Central and State Governments.
4. Kisan Vikas Patra and National Savings Certificates.
5. Life Insurance Policies with a declared surrender value of an Insurance company regulated by the insurance sector regulator.
6. Debt securities rated by a chosen Credit Rating Agency in respect of which the Bank is sufficiently confident of market liquidity of the security and where these securities are either:
    a. Attracting 100% or lesser risk weight i.e. rated at least BBB (-) when issued by Public sector entities and other entities including banks and Primary Dealers or
    b. Attracting 100% or lesser risk weight i.e. rated at least A3 for short term debt instruments
7. Debt securities not rated by a chosen Credit Rating Agency in respect of which the bank is sufficiently confident of market liquidity of the security and where these securities are:
    a. Issued by the bank
    b. Listed on a recognized exchange
    c. Classified as senior debt
    d. All rated issues of the same seniority by the issuing Bank are rated at least BBB (-) or A3 by a chosen Credit Rating Agency
    e. The bank has no information to suggest that the issue justifies a rating below BBB (-) or A3 by a chosen Credit Rating Agency
    f. Bank is sufficiently confident about the market liquidity of the security.
8. Units of Mutual Funds regulated by the securities regulator of the jurisdiction of the Bank's operation and mutual funds where
    a. A price for the units is publicly quoted daily i.e. where the daily NAV is available in public domain
    b. Mutual fund is limited to investing in the permitted instruments listed.

    Bank has no practice of monitoring / controlling exposures on a net basis, though Bank is able to determine at any time loans/ advances and deposits of the same counterparty. Netting benefit, even if available, is not utilized in capital computation under Basel III norms.

1.4 Main types of guarantor counterparty and their creditworthiness

Bank considers guarantees, which are direct, explicit, irrevocable and unconditional for Credit risk mitigation. Use of such guarantees for capital computation is strictly as per RBI guidelines on the subject.

Main types of guarantor counterparties are

a. Sovereigns (Central / State Governments)

b. Sovereign entities like ECGC, CGFTSI, individual schemes under NCGTC which are backed by explicit Central Government Guarantee.

c. Banks and Primary Dealers with a lower risk weight than the counter party

Other entities that are externally rated except when credit protection is provided to a securitization exposure. This would include guarantee cover provided by parent, subsidiary and affiliate companies when they have lower risk weight than the obligor. The rating of the guarantor should be an entity rating which has factored in all the liabilities and commitments (including guarantees) of the entity.

1.5 Information on market / credit risk concentrations within the mitigation taken by the Bank

Majority of financial collaterals held by the Bank are by way of own Deposits, Government Securities, Gold, Life Insurance Policies and other approved securities like NSC, KVP etc. Bank does not envisage market liquidity risk in respect of financial collaterals except in Gold and Units of Mutual Funds since sufficient margin is always kept. Bank does not have concentration in exposure collateralized through units of eligible Mutual Funds. With respect to gold loans, each and every exposure is reviewed/ renewed/closed within a maximum period of 12 months. Bank could successfully manage the risks posed by sudden reduction in gold price in the past on account of maintaining RBI stipulated LTV and close monitoring if the accounts. Measures warranted during each situation were timely taken.

Bank has not experienced any significant Market liquidity risk in Gold. Overall, financial collaterals do not have any issue in realization.

Concentration on account of collateral is also relevant in the case of Land & building. Except in the case of Housing loan to individuals and loans against property, land and building is considered only as an additional security. As land and building is not recognized as eligible collateral under Standardized Approach, its value is not reduced from the amount of exposure in the process of computation of capital charge. It is used only in the case of Housing loan to individuals and non-performing assets to determine the appropriate risk weight. As such, there is no concentration risk on account of nature of collaterals.

2. Quantitative Disclosures **(Amount in ₹ Mn.)**

2.1 Credit risk exposure covered by eligible financial collaterals

	Type of exposure	Credit equivalent of gross exposure	Value of eligible financial collateral after haircuts	Net amount of credit exposure
A	Funded Credit Exposure	464631.09	406898.65	57732.44
B	Non funded Credit exposure	88348.88	46663.03	41685.85
C	Securitization exposures – On balance sheet	-	-	-
D	Securitization exposures – Off balance sheet	-	-	-
	TOTAL	**552979.97**	**453561.68**	**99418.29**

2.2 Credit risk exposure covered by guarantees

	Type of exposure	Credit equivalent of gross exposure	Amount of guarantee (Credit equivalent)
A	Funded Credit Exposure	21234.54	21234.54
B	Non funded Credit exposure	159.90	36.05
C	Securitization exposures – on balance sheet	-	-
D	Securitization exposures – off balance sheet	-	-
	TOTAL	**21394.44**	**21270.59**

TABLE DF – 6: SECURITISATION: DISCLOSURES FOR STANDARDIZED APPROACH

1. Qualitative disclosures

1.1 General disclosures on securitization exposures of the Bank

A Objectives of securitization activities of the Bank (including the extent to which these activities transfer credit risk of the underlying securitized exposures away from the Bank to other entities and nature of other risks inherent in securitized assets)

Bank's securitisation exposure is limited to investments in securitisation instruments (Pass Through Certificates) and purchase of asset portfolio by way of Direct assignment route. The bank invests/ purchase securitised assets with the objective of book building and yield optimisation.

B Role of Bank in securitization processes (originator / investor/ service provider/ facility provider etc.) and extent of involvement in each activity.

As an Investor: The Bank invests in Pass Through Certificates backed by financial assets originated by third parties. Such investments are held in its Trading book.

As an Assignee: The Bank also purchases Asset portfolio by way of Direct assignment from Banks / NBFCs.

C Processes in place to monitor changes in the credit and market risk of securitization exposures

The major risks involved in Loan assignment transactions are:

Credit Risk: The risk of default on a debt that may arise from an obligor failing to make required payments.

Co-mingling risks: Risks arising on account of co-mingling of funds belonging to the assignee with that of originator. This occurs when there is a time lag between collection of loan instalments by the originator and remittance to the assignee.

Regulatory and legal risks: Risks arising due to non-compliance of regulatory requirements resulting in keeping higher risk weight/ capital charge for assignment transactions. Risk of non-compliance of regulatory rules.

Prepayment risk: Prepayment risk arises on account of prepayment of dues by obligors in the assigned pool either in part or full.

Bank is constantly monitoring the changes in Credit and Market risk profile of securitization instruments held in the Trading book and Banking book. In case of portfolio purchased through Assignment route, monitoring is done on an individual account level.

D	Bank's policy governing the use of credit risk mitigation to mitigate the risks retained through securitization exposures
	The Bank has not originated any securitization exposures. In the case of purchase by way of Direct assignment route, Bank has not used any Credit risk mitigants.
1.2	**Accounting policies for securitization activities**
A	Treatment of transaction (whether as sales or financings)
	NA
B	Methods and key assumptions (including inputs) applied in valuing positions retained or purchased
	Income from investments in Pass Through Certificates is recognized on accrual basis. Income recognition is subjected to prudential norms stipulated by Reserve Bank of India in this regard. The loans purchased through Direct assignment route are classified as advances. The loans purchased will be carried at acquisition cost.
C	Changes in methods and key assumptions from the previous period and impact of the changes
	No change is effected in methods and key assumptions used for valuation of investment in securitized instruments (Pass Through Certificates).
D	Policies for recognizing liabilities on the balance sheet for arrangements that could require the bank to provide financial support for securitized assets.
	Bank has not entered into any arrangement to provide financial support for securitized assets.
1.3	**In the Banking Book, names of ECAIs used for securitizations and the types of securitization exposures for which each agency is used.**
	For computation of Capital requirements for loans purchased by way of Direct assignment, Bank has used the Credit rating issued by eligible ECAIs.
2.	**Quantitative disclosures (Amount in ₹ Mn)**
2.1	**In the Banking Book**

A	Total amount of exposures securitized by the Bank	-
B	For exposures securitized, losses recognized by the Bank during the current period (exposure type wise break up)	-
C	Amount of assets intended to be securitized within a year	-
D	Of (C) above, amount of assets originated within a year before securitization	-
E	Securitization exposures (by exposure type) and unrecognized gain or losses on sale thereon	

Type of exposure	Amount securitized	Unrecognized gain / loss
-	-	-

F	Aggregate amount of on-balance sheet securitization exposures retained or purchased by the Bank (exposure type wise breakup) (Direct assignment of Cash flows)	

Housing	2486.38
Mixed Assets*	1546.73
Loan against property	18511.46
Agri / Allied activities	-
Total	**22544.56**
Investment in PTC	39950.67

G	Aggregate amount of off-balance sheet securitization exposures (exposure type wise breakup)	NIL
H	Aggregate amount of securitization exposures retained or purchased and associated capital charges (Direct assignment of Cash flows)	

Risk Weight Bands	Exposure Type	Exposure	Capital Charge
Less than 100%	Housing Loans	2477.61	108.27
	Mixed Assets*	1546.73	131.40
	Loan against property	-	-
	Agri / Allied activities	-	-
	PTC	39950.67	1046.92
At 100%	Mixed Assets*	-	-
	Loan against property	60.64	6.97
	Housing Loans	8.77	1.01
More than 100%	Loan against property	18450.82	2655.63
	Mixed Assets*	-	-

*includes Commercial Vehicle Loans, Micro &Small Business Loans

I	Total amount of deductions from capital on account of securitization exposures	49.54	
	Deducted entirely from Tier I capital-underlying exposure type wise break up	49.54	
	Credit enhancing interest only strips (I/O) deducted from total capital – underlying exposure type wise break up	-	

	Other exposures deducted from total capital – underlying exposure type wise break up	

2.2 In the Trading Book

A Aggregate amount of exposures securitized by the Bank for which the Bank has retained some exposures, which is subject to Market Risk approach (exposure type wise details)

Type of exposure	Gross Amount	Amount retained
-	-	-

B Aggregate amount of on-balance sheet securitization exposures retained or purchased by the Bank (exposure type wise breakup)

Type of exposure	(Amount in ₹ Mn.)
-	-

C	Aggregate amount of off-balance sheet securitization exposures (exposure type wise breakup)	NIL
D	Securitization exposures retained / purchased subject to Comprehensive Risk Measure for specific risk	-

E Securitization exposures retained / purchased subject to specific risk capital charge (risk weight band wise distribution)

Type of Exposure	Capital charge as % to exposure	Exposure (Amount in ₹ Mn.)
-	-	-

F Aggregate amount of capital requirements for securitization exposures (risk weight band wise distribution)

Type of exposure	Capital charge as % to exposure	Capital charge (Amount in ₹ Mn.)
-	-	-

G	Total amount of deductions from capital on account of securitization exposures	-
	Deducted entirely from Tier I capital – underlying exposure type wise break up	-
	Credit enhancing interest only strips (I/Os) deducted from total capital – underlying exposure type wise break up	-
	Other exposures deducted from total capital – underlying exposure type wise break up	-

TABLE DF – 7: MARKET RISK IN TRADING BOOK

1. Qualitative disclosures

1.1 Approach used for computation of capital charge for market risk

Bank has adopted Standardized Duration Approach as prescribed by RBI for computation of capital charge for general market risk and is fully compliant with such RBI guidelines. Bank uses VaR as an indicative tool for measuring Forex risk and Equity Price risk. Standardized Duration Approach is applied for computation of General Market Risk for

- Securities under HFT category
- Securities under AFS category
- Open gold position limits
- Open foreign exchange position limits
- Trading positions in derivatives
- Derivatives entered into for hedging trading book exposures

Specific capital charge for market risk is computed based on risk weights prescribed by the Regulator.

1.2 Portfolios covered in the process of computation of capital charge

Investment portfolio under AFS and HFT, Gold and Forex open positions and Derivatives entered for trading and hedging.

2. Quantitative disclosures	(Amount in ₹ Mn.)
2.1 Minimum capital requirements for market risk as per Standardized Duration Approach	
Interest rate risk	1838.08
Foreign exchange risk (including gold)	217.80
Equity position risk	100.94

TABLE DF – 8: OPERATIONAL RISK

1.	**Qualitative disclosures**
1.1	**Approach used for computation of capital charge for operational risk (and for which the Bank is qualified)**
	Bank is following the Basic Indicator Approach for computation of capital charge for operational risk.

TABLE DF – 9: INTEREST RATE RISK IN BANKING BOOK (IRRBB)

1. Qualitative disclosures

The impact of adverse movements in interest rates on financials is referred to as interest rate risk. For banking book, interest rate risk arises through mismatches in re-pricing of interest rate sensitive assets (RSA), rate sensitive liabilities (RSL) and rate sensitive off-balance sheet items. As interest rate risk can impact both Net Interest Income (NII) and Economic value of capital, it is assessed and managed from both earnings and economic value perspective.

a) Earnings perspective: Analyses the impact on Bank's Net Interest Income (NII) in the short term through traditional gap analysis.

b) Economic perspective: Analyses the impact on the Net-worth of bank due to re-pricing of assets, liabilities and off-balance sheet items through duration gap analysis.

The Bank classifies an asset/liability as rate sensitive if:

- Within the time interval under consideration, there is a cash flow
- The interest rate resets / reprices contractually during the interval
- RBI changes the interest rates in cases where interest rates are administered.

Rate sensitive assets and liabilities are grouped under various time buckets prescribed by RBI for interest rate sensitivity statement and bucket wise modified duration is computed using the suggested common maturity, coupon and yield parameters.

Non-rate sensitive liabilities and assets primarily comprise of capital, reserves and surplus, other liabilities, cash and balances with RBI, current account balances with banks, fixed assets and other assets.

IRRBB is assessed on a monthly basis and monitored by ALCO, both under earnings and economic value perspectives.

2	**Quantitative disclosures - Impact of interest rate risk**	**Amount in ₹ Mn**	
2.1	**Earnings perspective (Traditional Gap Analysis)**	**Total Book**	**Banking Book**
	Earnings at Risk (EaR) – impact for one year due to Uniform 1% increase/ decrease in interest rate	7511.30	7483.30
	Economic value perspective – percentage and quantum of decrease in market value of equity on account of 1% uniform increase/decrease in interest rate	8048.56	4107.08

(Currency wise break up not provided as the turnover in other currencies is less than 5% of total turnover)

TABLE DF – 10: General Disclosure for Exposure Related to Counterparty Credit Risk

Qualitative disclosures

Bank has put in place Counterparty Credit Risk limits for banks as counterparty, based on internal rating of the counterparty bank and with the approval of the Board. Counterparty exposures for other entities are subject to comprehensive exposure ceilings fixed by the Board. Capital for Counterparty Credit Risk is assessed based on the Standardized Approach.

Quantitative disclosures

The Bank does not recognize bilateral netting. The credit equivalent amounts of derivatives that are subjected to risk weighting are calculated as per the Current Exposure Method. The balance outstanding and the current exposure thereof are as follows:

(Amount in ₹ Mn.)

Particulars	Notional Amounts	Current Exposure
Foreign exchange contracts	1279392.70	65918.26
Interest rate derivative contracts	580057.10	6481.32
Total	**1859449.80**	**72399.58**

TABLE DF-11: Composition of Capital

	Basel III common disclosure template		Ref No
Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	113226.91	a+d-m2
2	Retained earnings	89077.40	l+m-m1
3	Accumulated other comprehensive income (and other reserves)	134692.69	b+c+e+f+i+j+k+m3+di
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	0.00	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	0.00	
6	**Common Equity Tier 1 capital: before regulatory adjustments**	**336997.01**	
Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments	0.00	
8	Goodwill (net of related tax liability)	0.00	x1
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	29.24	r+p
10	Deferred tax assets	0.00	
11	Cash-flow hedge reserve	679.09	
12	Shortfall of provisions to expected losses	0.00	
13	Securitisation gain on sale	49.54	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	4991.06	
15	Defined-benefit pension fund net assets	0.00	
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	0.00	
17	Reciprocal cross-holdings in common equity	735.07	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	0.00	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	0.00	
20	Mortgage servicing rights (amount above 10% threshold)	0.00	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	0.00	
22	Amount exceeding the 15% threshold	0.00	
23	of which: significant investments in the common stock of financial entities		
24	of which: mortgage servicing rights	0.00	
25	of which: deferred tax assets arising from temporary differences	0.00	
26	National specific regulatory adjustments (26a+26b+26c+26d)	0.00	
	a **of which:** Investments in the equity capital of the unconsolidated insurance subsidiaries	0.00	
	b **of which:** Investments in the equity capital of unconsolidated non-financial subsidiaries	0.00	
	c **of which:** Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	0.00	
	d **of which:** Unamortised pension funds expenditures	0.00	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	0.00	
28	Total regulatory adjustments to Common equity Tier 1	6484.01	
29	**Common Equity Tier 1 capital (CET1)**	**330513.00**	
Additional Tier 1 capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)	0.00	
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	0.00	
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	0.00	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	0.00	

	Basel III common disclosure template		Ref No
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	0.00	
35	of which: instruments issued by subsidiaries subject to phase out	0.00	
36	Additional Tier 1 capital before regulatory adjustments	0.00	
Additional Tier 1 capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	0.00	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	0.00	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	0.00	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0.00	
41	National specific regulatory adjustments (41a+41b)	0.00	
	a **of which:** Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	0.00	
	b **of which:** Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	0.00	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	0.00	
43	Total regulatory adjustments to Additional Tier 1 capital	0.00	
44	Additional Tier 1 capital (AT1)	0.00	
45	**Tier 1 capital (T1 = CET1 + AT1) (29 + 44)**	**330513.00**	
Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	16950.00	n
47	Directly issued capital instruments subject to phase out from Tier 2	0.00	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	0.00	
49	of which: instruments issued by subsidiaries subject to phase out	0.00	
50	Provisions	15473.83	o+g+h
51	**Tier 2 capital before regulatory adjustments**	**32423.83**	
Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	0.00	
53	Reciprocal cross-holdings in Tier 2 instruments	0.03	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	0.00	
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0.00	
56	National specific regulatory adjustments (56a+56b)	0.00	
	a **of which:** Investments in the Tier 2 capital of unconsolidated insurance subsidiaries	0.00	
	b **of which:** Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	0.00	
57	Total regulatory adjustments to Tier 2 capital	0.03	
58	**Tier 2 capital (T2)**	**32423.80**	
59	**Total capital (TC = T1 + T2) (45 + 58)**	**362936.80**	
60	**Total risk weighted assets (60a + 60b +60c)**	**2155111.16**	
	a **of which:** total credit risk weighted assets	1953314.81	
	b **of which:** total market risk weighted assets	26960.25	
	c **of which:** total operational risk weighted assets	174836.10	

Basel III common disclosure template			Ref No
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	15.34%	
62	Tier 1 (as a percentage of risk weighted assets)	15.34%	
63	Total capital (as a percentage of risk weighted assets)	16.84%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	0.00%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: bank specific countercyclical buffer requirement	0.00%	
67	of which: G-SIB buffer requirement	0.00%	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	9.84%	
National minima (if different from Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%	
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%	
Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital of other financial entities	9370.21	
73	Significant investments in the common stock of financial entities	6796.16	
74	Mortgage servicing rights (net of related tax liability)	0.00	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	0.00	
Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	11216.80	
77	Cap on inclusion of provisions in Tier 2 under standardized approach	24416.44	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	NA	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	NA	
Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	NA	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	NA	
82	Current cap on AT1 instruments subject to phase out arrangements	NA	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	NA	
84	Current cap on T2 instruments subject to phase out arrangements	NA	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	NA	

Note to the Template

Row No. of the template	Particular	(Amount in ₹ Mn.)
10	Deferred tax assets associated with accumulated losses	0.00
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	0.00
	Total as indicated in row 10	0.00
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	2080.00
	of which: Increase in Common Equity Tier 1 capital	2080.00
	of which: Increase in Additional Tier 1 capital	0.00
	of which: Increase in Tier 2 capital	0.00
26 b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	0.00
	(i) Increase in Common Equity Tier 1 capital	0.00
	(ii) Increase in risk weighted assets	0.00

Row No. of the template	Particular	(Amount in ₹ Mn.)
50	Eligible Provisions included in Tier 2 capital	11216.80
	Investment Fluctuation Reserve included in Tier 2 capital	4257.03
	Eligible Revaluation Reserves included in Tier 2 capital	-
	Total of row 50	15473.83

Table DF-12

	Composition of Capital: Reconciliation Requirements Step 1	Balance sheet as in financial statements 31-03-2025	Balance sheet under regulatory scope of consolidation 31-03-2025
A	**Capital & Liabilities**		
i	Paid-up Capital	4911.66	4911.66
	Reserves & Surplus	329294.51	348606.36
	Minority Interest	-	-
	Total Capital	**334206.17**	**353518.02**
ii	**Deposits**	**2836474.73**	**2834836.23**
	of which: Deposits from banks	57632.23	57632.23
	of which: Customer deposits	2778842.50	2777204.00
	of which: Other deposits (pl. specify	0.00	0.00
iii	**Borrowings**	**237263.05**	**325958.32**
	of which: From RBI	22500.00	22500.00
	of which: From banks	680.00	74380.66
	of which: From other institutions & agencies	180227.98	192646.80
	of which: Others (pl. specify)	33855.07	36430.87
	of which: Capital instruments	16950.00	16950.00
iv	Other liabilities & provisions	82104.08	86193.53
	Total Liabilities	**3490048.01**	**3600506.09**
B	**Assets**		
i	Cash and balances with Reserve Bank of India	203544.37	203609.78
	Balance with banks and money at call and short notice	105048.07	112361.51
ii	Investments:	662456.07	659563.74
	of which: Government securities	560712.43	563464.22
	of which: Other approved securities	0.00	0.00
	of which: Shares	9087.89	9087.89
	of which: Debentures & Bonds	34398.28	34419.10
	of which: Subsidiaries / Joint Ventures / Associates	8926.16	2080.00
	of which: Others (Commercial Papers, Mutual Funds etc.)	49331.31	50512.54
iii	Loans and advances	2348363.95	2449953.56
	of which: Loans and advances to banks	31909.72	31909.72
	of which: Loans and advances to customers	2316454.23	2418043.84
iv	Fixed assets	14782.70	15275.55
v	Other assets	155852.85	159741.95
	of which: Goodwill and intangible assets	0.00	29.24
	of which: Deferred tax assets	0.00	0.00
vi	Goodwill on consolidation	-	-
vii	Debit balance in Profit & Loss account	-	-
	Total Assets	**3490048.01**	**3600506.09**

TABLE DF-12

(Amount in ₹ Mn.)

	Composition of Capital: Reconciliation Requirements Step 2	Balance sheet as in financial statements 31-03-2025	Balance sheet under regulatory scope of consolidation 31-03-2025	Ref No.
A	**Capital & Liabilities**			
i	Paid-up Capital	4911.66	4911.66	
	of which: Amount eligible for CET1	4911.66	4911.66	a
	of which: Amount eligible for AT1	0.00	0.00	

(Amount in ₹ Mn.)

	Composition of Capital: Reconciliation Requirements Step 2	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Ref No.
		31-03-2025	31-03-2025	
	Reserves & Surplus	329294.51	348606.36	
	Of which			
	- Statutory Reserve	65491.98	65491.98	b
	- AFS Reserve	2260.54	2260.54	c
	- Revaluation Reserves	50.09	50.09	c i
	- Share premium	103743.75	108315.26	d
	- Capital Redemption Reserve	0.00	12.21	di
	- Capital Reserve	9220.88	9220.88	e
	- Revenue and other reserves	42059.10	43163.80	f
	- Investment fluctuation reserve	4257.03	4257.03	g
	- Investment reserve			h
	- Foreign Currency Translation Reserve (at a discount of 75 per cent)	-220.20	-220.20	i
	- ESOP Reserve	116.90	118.98	i1
	- Special reserve	13783.40	13783.40	j
	- Contingency reserve	301.00	301.00	k
	- Balance in Profit and loss account at the end of the previous financial year	70480.25	74149.44	l
	- Current Financial year profit (After appropriations)	17070.70	17875.04	m
	- Dividend & Investment Fluctuation appropriation considered for regulatory purposes		2947.08	m1
	Minority Interest	0.00	9147.82	m2
	- Cash flow hedge reserve	679.09	679.09	m3
	Total Capital	**334206.17**	**353518.02**	
ii	Deposits	2836474.73	2834836.23	
	of which: Deposits from banks	57632.23	57632.23	
	of which: Customer deposits	2778842.50	2777204.00	
	of which: Other deposits (pl. specify)	0.00	0.00	
iii	Borrowings	237263.05	325958.32	
	of which: From RBI	22500.00	22500.00	
	of which: From banks	680.00	74380.66	
	of which: From other institutions & agencies	180227.98	192646.80	
	of which: Others	33855.07	36430.87	
	of which: Capital instruments (Tier II bonds)	16950.00	16950.00	
	- Recognised under Tier II	16950.00	16950.00	n
	- Not Recognised under Tier II	0.00	0.00	
iv	Other liabilities & provisions	82104.08	86193.53	
	of which: DTLs	1701.38	916.18	
	of which: Standard asset provision included under Tier II	9807.30	11216.80	o
	Total Liabilities	3490048.01	3600506.09	
B	**Assets**			
i	Cash and balances with Reserve Bank of India	203544.37	203609.78	
	Balance with banks and money at call and short notice	105048.07	112361.51	
ii	Investments	662456.07	659563.74	
	of which: Government securities	560712.43	563464.22	
	of which: Other approved securities	0.00	0.00	
	of which: Shares	9087.89	9087.89	
	of which: Good will	0.00		x1
	of which: Debentures & Bonds	34398.28	34419.10	
	of which: Subsidiaries / Joint Ventures / Associates	8926.16	2080.00	
	of which: Others (Commercial Papers, Mutual Funds etc.)	49331.31	50512.54	
iii	Loans and advances	2348363.95	2449953.56	
	of which: Loans and advances to banks	31909.72	31909.72	
	of which: Loans and advances to customers	2316454.23	2418043.84	
iv	Fixed assets	14782.70	15275.55	
	of which Intangible assets	0.00	29.24	
	Other assets	155852.85	159741.95	p
v	a Other intangibles (excluding MSRs)	0.00	0.00	
	b Deferred tax assets	-	-	r

(Amount in ₹ Mn.)

	Composition of Capital: Reconciliation Requirements Step 2	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Ref No.
		31-03-2025	31-03-2025	
	c MAT credit entitlement	0.00	0.00	
vi	Goodwill on consolidation	0.00	0.00	
vi	Debit balance in Profit & Loss account	0.00	0.00	
	Total Assets	3490048.01	3600506.09	

Table DF-16: Equities – Disclosure for Banking Book Positions

Qualitative Disclosures

Valuation and accounting of equity holdings in the banking book:

In accordance with the RBI Master Directions on "Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks", investments except investments in their own subsidiaries, joint ventures and associates are classified at the time of purchase into Fair Value through Profit and Loss (FVTPL), "Available for Sale" ('AFS') and "Held to Maturity" ('HTM') categories. Held for Trading (HFT) is a separate investment subcategory within FVTPL.

All investments in subsidiaries, associates and joint ventures are classified under Subsidiaries, Associates and Joint Ventures in accordance with the RBI guidelines.

In line with RBI guidelines investment in subsidiaries, joint ventures and associates, FVTPL non HFT, AFS and HTM are classified under banking book.

Investments in Subsidiaries, Associates and Joint Ventures are carried at their acquisition cost and shall not be marked to market. Any diminution, other than temporary, in the value of such securities is provided for. Profit on sale /redemption of investments is included in the Profit and Loss account and is appropriated to Capital Reserve after adjustments for tax and transfer to Statutory Reserve. Loss on sale / redemption is charged to the Profit and Loss account.

Any gain or loss on sale of equity instruments designated under AFS at the time of initial recognition shall be transferred from AFS-Reserve to the Capital Reserve and in case of equity investments classified under FVTPL, gain or loss on sale shall be recognised in profit and loss account. Valuation gains or losses arising from investment under AFS is recognised in AFS reserve and FVTPL is recognised in profit and loss account. Currently, bank doesn't hold equity positions in HTM category.

Carrying cost of Banks equity investment is banking book is ₹ 15,176.34 Mn as at 31.03.2025.

Quantitative Disclosures

	Amount in ₹ Mn
Market Value of Equity Investments Outstanding in banking book.	30,495.75
The types and nature of investments, including the amount that can be classified as:	
Market Value of Listed Equities	22779.90
Market Value of Unlisted Equities	7715.85
Net Profit / Loss from sales in the period	649.12
Unrealised gains (losses) recognised in the balance sheet but not through the profit and loss account *	1,634.92
Unrealized gains (losses) not recognized either in the balance sheet or through the profit and loss account.	15,319.41

*Includes transitional gain on AFS investments due to the implementation of Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2023

LEVERAGE RATIO (Consolidated)

Leverage ratio is a non-risk based measure of exposure over capital. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements. The Basel III leverage ratio is defined as the ratio of capital measure (the numerator) to exposure measure (the denominator), expressed as a percentage.

The capital measure used for the leverage ratio at any particular point in time is the Tier 1 capital measure applying at that time under the risk-based framework. Total exposure measure is the sum of the on-balance sheet exposures, derivative exposures, securities financing transaction (SFT) exposures and off- balance sheet (OBS) items.

$$\text{Leverage Ratio} = \frac{\text{(Tier I Capital)}}{\text{(Total Exposure)}}$$

Table DF 17 - Summary comparison of accounting assets vs. leverage ratio exposure measure.

	Item	(Amount in ₹ Mn.)
1	Total consolidated assets as per published financial statements	3600506.09
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	0.00
3	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure (less)	6484.01
4	Adjustments for derivative financial instruments	70834.93
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	10364.88
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	306541.67
7	Other adjustments	47542.00
8	Leverage ratio exposure	4029305.56

Table DF 18 - Leverage ratio common disclosure template

	Item	Leverage ratio framework (Amount in ₹ Mn.)
On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	3648048.09
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	6484.01
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	3641564.07
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	4268.11
5	Add-on amounts for PFE associated with all derivatives transactions	66566.82
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	0.00
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0.00
8	(Exempted CCP leg of client-cleared trade exposures)	0.00
9	Adjusted effective notional amount of written credit derivatives	0.00
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0.00
11	Total derivative exposures (sum of lines 4 to 10)	70834.93
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	10614.77
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	249.89
14	CCR exposure for SFT assets	-
15	Agent transaction exposures	-
16	Total securities financing transaction exposures (sum of lines 12 to 15)	10364.88
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	868334.75
18	(Adjustments for conversion to credit equivalent amounts)	561793.08
19	Off-balance sheet items (sum of lines 17 and 18)	306541.67
20	Tier 1 Capital	330513.08
21	Total exposures (sum of lines 3,11,16 and 19)	4029305.56
22	Basel III leverage ratio	8.20%

*Leverage ratio (Solo):8.07%

GRI Content Index

Statement of use	Federal Bank has reported the information cited in this GRI content index for the period FY'2024-25 in accordance with the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION	Page no.
GRI 2: General Disclosures 2021	2-1 Organizational details	BRSR Section - A	166, 167
	2-2 Entities included in the organization's sustainability reporting	BRSR Section - A (A-13)	166
	2-3 Reporting period, frequency and contact point	About the Report, BRSR Section - A (A-09)	9, 166
	2-4 Restatements of information	Nil	
	2-5 External assurance	BRSR Section - A (A-14), Assurance Statament	166, 208-212
	2-6 Activities, value chain and other business relationships	Our Businesses, Group Companies, Stakeholder Engagement , BRSR Section - A (A-16,17,18,19a,19c)	33-35, 48, 166-167, 218-224
	2-7 Employees	Our People, BRSR Section - A (A-20)	79-81, 167
	2-8 Workers who are not employees	The Company does not engage workers who are not employees. All individuals performing work for the Company are employed directly under formal employment contracts.	
	2-9 Governance structure and composition	Board of Directors, Corporate Governance Report, BRSR Section - A (A-21)	62-67, 129-130, 168
	2-10 Nomination and selection of the highest governance body	Corporate Governance Report (Board of Directors), BRSR Principle-1 (LI-2)	129-130, 134, 179
	2-11 Chair of the highest governance body	Board of Directors, Corporate Governance Report (Board of Directors)	64, 130
	2-12 Role of the highest governance body in overseeing the management of impacts	Board's Report, BRSR Section - B	110-111, 174
	2-13 Delegation of responsibility for managing impacts	BRSR Section-B (B8), BASEL III – PILLAR 3 Disclosures as on 31st March 2025	174, 388
	2-14 Role of the highest governance body in sustainability reporting	BRSR Section - B, Board of Directors	65, 174
	2-15 Conflicts of interest	BRSR Principle-1 (LI-2)	179
	2-16 Communication of critical concerns	Stakeholder Engagement, Risk Management, Board's Report, BRSR Principle-4	49-51, 68-69, 114-115, 187-188
	2-17 Collective knowledge of the highest governance body	Governance ,Corporate Governance Report (List of core skills/ experience/competencies identified by the board)	62, 131-32
	2-18 Evaluation of the performance of the highest governance body	Director's Report, Corporate Governance Report (Board Evaluation)	110, 134
	2-19 Remuneration policies	Director's Report, Corporate Governance report (Remuneration to Directors), Annexure C, BRSR Principle-5 (EI-3), Schedule 18	110, 127, 133, 190, 296-298
	2-20 Process to determine remuneration	Director's Report, Corporate Governance Report (Remuneration to Directors), Independent Auditor Report (Disclosures on Remuneration)	110, 133, 295
	2-21 Annual total compensation ratio	Pay and Progress Parity, Annexure - C, BRSR Principle-5 (EI-3)	83, 127, 190
	2-22 Statement on sustainable development strategy	BRSR Section-B (B-7)	174
	2-23 Policy commitments	Our Policies, BRSR Section-B (B-1,3), Principle-1 (EI-4), Principle - 5 (EI-8), Principle - 9 (EI-5)	61, 172
	2-24 Embedding policy commitments	Our Policies, Corporate Governance Report, BRSR Section-B (B-1)	61, 151-153, 173
	2-25 Processes to remediate negative impacts	Strategy in a Dynamic Business Environment, BRSR Principle - 5 (EI-5,8. LI-1), Risk Exposure and Assessment	54-55, 61,152, 190-191, 389-394
	2-26 Mechanisms for seeking advice and raising concerns	Whistle Blower Policy/Vigil Mechanism	116, 152
	2-27 Compliance with laws and regulations	BRSR Principle 1 (EI-2,3) & 6 (EI-13)	178, 197
	2-28 Membership associations	BRSR Principle 7 (EI - 1)	200
	2-29 Approach to stakeholder engagement	Stakeholder Engagement, BRSR Principle 4 (EI - 2)	48-51, 187
	2-30 Collective bargaining agreements	Snapshot of Our Human Capital, BRSR Principle 3 (EI-6)	80, 183

GRI STANDARD	DISCLOSURE	LOCATION	Page no.
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment	52-55, 170-171
	3-2 List of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
	3-3 Management of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
GRI 201: Economic Performance 2016	3-3 Management of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
	201-1 Direct economic value generated and distributed	Bolder Steps Breakthrough Performance, Financial Review, BRSR Section A (A-24)	6-7,19, 168
	201-2 Financial implications and other risks and opportunities due to climate change	Materiality Assessment, BRSR Section A (A-26)	52-55, 170-171
	201-3 Defined benefit plan obligations and other retirement plans	Snapshot of Our Human Capital, BRSR Principle 3 (EI 2)	80, 182
	201-4 Financial assistance received from government	Nil	
GRI 202: Market Presence 2016	3-3 Management of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	BRSR Principle 5 (EI 2)	189
	202-2 Proportion of senior management hired from the local community	Board Diversity	63
GRI 203: Indirect Economic Impacts 2016	3-3 Management of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
	203-1 Infrastructure investments and services supported	Communities Rooted in Purpose, Creating Impact that Endures, Annexure A	88-95, 119-121
	203-2 Significant indirect economic impacts	Communities rooted in Purpose, Creating Impact that Endures, Annexure A	88-95, 119-121
GRI 204: Procurement Practices 2016	3-3 Management of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
	204-1 Proportion of spending on local suppliers	BRSR Principle 8 (EI 4)	202
GRI 205: Anti-corruption 2016	3-3 Management of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
	205-1 Operations assessed for risks related to corruption	During the reporting period, the bank has not specefically incorporated corruption in the risk assessment process	
	205-2 Communication and training about anti-corruption policies and procedures	Our Policies,. BRSR Principle 1 (EI 4)	61, 177
	205-3 Confirmed incidents of corruption and actions taken	BRSR Principle 1 (EI 5 and EI 7)	178
GRI 206: Anti-competitive Behavior 2016	3-3 Management of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No legal actions pending or completed during the reporting period regarding anticompetitive behaviour and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant	
GRI 207: Tax 2019	3-3 Management of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
	207-1 Approach to tax	Tax Governance and Compliance, Taxation Policy	76, 232
	207-2 Tax governance, control, and risk management	Tax Governance and Compliance, Taxation Policy	76, 232
	207-3 Stakeholder engagement and management of concerns related to tax	Tax Governance and Compliance, Taxation Policy	76, 232
	207-4 Country-by-country reporting	Tax Governance and Compliance, Taxation Policy	76, 232
GRI 301: Materials 2016	3-3 Management of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
	301-1 Materials used by weight or volume	Not Applicable	
	301-2 Recycled input materials used	Not Applicable	
	301-3 Reclaimed products and their packaging materials	Not Applicable	

GRI STANDARD	DISCLOSURE	LOCATION	Page no.
GRI 302: Energy 2016	3-3 Management of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
	302-1 Energy consumption within the organization	BRSR Principle 6 (EI 1)	193
	302-2 Energy consumption outside of the organization	Not Applicable	
	302-3 Energy intensity	BRSR Principle 6 (EI 1)	193
	302-4 Reduction of energy consumption	BRSR Principle 6 (EI 1)	193, 196
	302-5 Reductions in energy requirements of products and services	BRSR Principle 6 (EI 7)	196
GRI 303: Water and Effluents 2018	3-3 Management of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
	303-1 Interactions with water as a shared resource	Not Applicable	
	303-2 Management of water discharge-related impacts	Not Applicable	
	303-3 Water withdrawal	BRSR Principle 6 (EI 3 and LI 1)	194, 198
	303-4 Water discharge	BRSR Principle 6 (EI 3,4)	194
	303-5 Water consumption	BRSR Principle 6 (EI 3)	194
GRI 304: Biodiversity 2016	3-3 Management of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	As an institution providing financial services, the Bank does not cause any significant, direct impact on biodiversity	
	304-2 Significant impacts of activities, products and services on biodiversity		
	304-3 Habitats protected or restored		
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	As an institution providing financial services, the Bank does not cause any significant, direct impact on biodiversity	
GRI 305: Emissions 2016	3-3 Management of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
	305-1 Direct (Scope 1) GHG emissions	BRSR Principle 6 (EI 7)	195
	305-2 Energy indirect (Scope 2) GHG emissions	BRSR Principle 6 (EI 7)	195
	305-3 Other indirect (Scope 3) GHG emissions	BRSR Principle 6 (LI 2)	198
	305-4 GHG emissions intensity	BRSR Principle 6 (EI 7 & LI 2)	195, 198
	305-5 Reduction of GHG emissions	BRSR Principle 6 (EI 8)	196
	305-6 Emissions of ozone-depleting substances (ODS)	Owning to the nature of the business, air emission parameters provided here are not material for the Bank	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Owning to the nature of the business, air emission parameters provided here are not material for the Bank	
GRI 306: Waste 2020	3-3 Management of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
	306-1 Waste generation and significant waste-related impacts	BRSR Principle 6 (EI 9,10)	197
	306-2 Management of significant waste-related impacts	BRSR Principle 6 (EI 9,10)	197
	306-3 Waste generated	BRSR Principle 6 (EI 9)	196
	306-4 Waste diverted from disposal	BRSR Principle 6 (EI 9)	196
	306-5 Waste directed to disposal	BRSR Principle 6 (EI 9)	196
GRI 308: Supplier Environmental Assessment 2016	3-3 Management of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
	308-1 New suppliers that were screened using environmental criteria	Strengthening ESG Practices Across the Value Chain, Corporate Governance Report	98, 185
	308-2 Negative environmental impacts in the supply chain and actions taken	Not Applicable	

GRI STANDARD	DISCLOSURE	LOCATION	Page no.
GRI 401: Employment 2016	3-3 Management of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
	401-1 New employee hires and employee turnover	People, Snapshot of our Human Capital, BRSR Section A Question 22	79-81, 168
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	People, BRSR Principle 3 (EI 1)	80, 181
	401-3 Parental leave	BRSR Principle 3 (EI 5)	182
GRI 402: Labor/ Management Relations 2016	3-3 Management of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
	402-1 Minimum notice periods regarding operational changes	Management Discussion & Analysis	230
GRI 403: Occupational Health and Safety 2018	3-3 Management of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
	403-1 Occupational health and safety management system	People, BRSR Principle 3 (EI 10)	183, 85
	403-2 Hazard identification, risk assessment, and incident investigation	BRSR Principle 3 (EI 10b , 10c)	184
	403-3 Occupational health services	Occupational Health and safety, BRSR Principle 3 (EI 10)	85, 183
	403-4 Worker participation, consultation, and communication on occupational health and safety	Not Applicable	
	403-5 Worker training on occupational health and safety	Not Applicable	
	403-6 Promotion of worker health	Not Applicable	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and safety	85
	403-8 Workers covered by an occupational health and safety management system	Not Applicable	
	403-9 Work-related injuries	BRSR Principle 3 (EI 11)	184
	403-10 Work-related ill health	BRSR Principle 3 (EI 11, EI 12)	184
GRI 404: Training and Education 2016	3-3 Management of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
	404-1 Average hours of training per year per employee	An astute business model, Our People ,BRSR Principle 5 (E1)	46, 81
	404-2 Programs for upgrading employee skills and transition assistance programs	Learning and Development, BRSR Principle 3 (EI 8)	81-82, 85-86, 183, 189
	404-3 Percentage of employees receiving regular performance and career development reviews	BRSR Principle 3 (EI 9)	183
GRI 405: Diversity and Equal Opportunity 2016	3-3 Management of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
	405-1 Diversity of governance bodies and employees	Board of Directors, Our People, Corporate Governance, BRSR Section A(A-20b, A-21)	64-67, 80, 130, 167-168
	405-2 Ratio of basic salary and remuneration of women to men	BRSR Principle 5 (EI 2)	190
GRI 406: Non-discrimination 2016	3-3 Management of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
	406-1 Incidents of discrimination and corrective actions taken	BRSR Principle 5 (EI 6,7 & 8)	190, 191
GRI 407: Freedom of Association and Collective Bargaining 2016	3-3 Management of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Not Applicable	

GRI STANDARD	DISCLOSURE	LOCATION	Page no.
GRI 408: Child Labor 2016	3-3 Management of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
	408-1 Operations and suppliers at significant risk for incidents of child labor	BRSR Principle 5 (EI 6)	190
GRI 409: Forced or Compulsory Labor 2016	3-3 Management of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	BRSR Principle 5 (EI 6)	190
GRI 410: Security Practices 2016	3-3 Management of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
	410-1 Security personnel trained in human rights policies or procedures	Not Applicable	
GRI 411: Rights of Indigenous Peoples 2016	3-3 Management of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
	411-1 Incidents of violations involving rights of indigenous peoples	There were no incidents of violations involving rights of indigenous peoples in the reporting period	
GRI 413: Local Communities 2016	3-3 Management of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
	413-1 Operations with local community engagement, impact assessments, and development programs	Communities,Annual Report on Corporate Social Responsibility Activities, BRSR Principle 8 (LI 1)	88-95, 119-121, 202-203
	413-2 Operations with significant actual and potential negative impacts on local communities	Owning to the nature of Business no such impacts are identified	
GRI 414: Supplier Social Assessment 2016	3-3 Management of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
	414-1 New suppliers that were screened using social criteria	Strengthening the ESG Practices across the Value Chain, BRSR P3 (LI 5)	98, 185
	414-2 Negative social impacts in the supply chain and actions taken	BRSR Principle 3 (LI-5 and LI-6), Principle 5 (LI-4 LI-5)	185, 192
GRI 415: Public Policy 2016	3-3 Management of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
	415-1 Political contributions	Governance	61
GRI 416: Customer Health and Safety 2016	3-3 Management of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
	416-1 Assessment of the health and safety impacts of product and service categories	Not Applicable	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Not Applicable	
GRI 417: Marketing and Labeling 2016	3-3 Management of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
	417-1 Requirements for product and service information and labeling	BRSR Principle 9 (EI 2 and LI 4)	205, 207
	417-2 Incidents of non-compliance concerning product and service information and labeling	No cases reported	
	417-3 Incidents of non-compliance concerning marketing communications	No cases reported	
GRI 418: Customer Privacy 2016	3-3 Management of material topics	Materiality Assessment, BRSR Section-A (A-26)	52-55, 170-171
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	BRSR Principle 9 (EI 3 and EI 7)	206

Notes

Notes

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