Federal Bank

Disciplined Growth. Sustained Momentum.

Integrated Annual Report
2025-26



About the Report

Dear readers,

Welcome to the Integrated Annual Report of The Federal Bank Limited for FY 2025-26.

This Report has been prepared to provide shareholders and other stakeholders with a connected understanding of the Bank's operating context, strategy, governance, business model and performance. Structured around the six capitals, it explains how Federal Bank creates value over the short, medium and long term. The Report also reflects the Bank's refreshed visual identity introduced under Federal 4.0. We hope this report enables you, our most important stakeholder, to better understand our business, governance, performance and long-term direction.

- **Elias George**
  Part-time Chairman and Independent Director

- **KVS Manian**
  Managing Director and Chief Executive Officer

FEDERAL 4.0

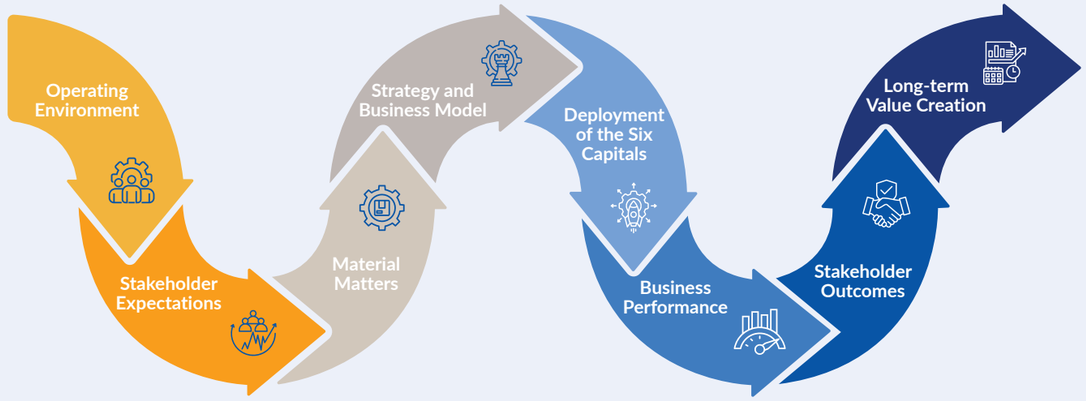
Familiar Yet Fresh™



The refreshed visual identity introduces a unified brand architecture across Federal Bank's physical and digital touchpoints. Guided by the theme *'Familiar, Yet Fresh™'*, it presents the Bank's long-established franchise through a contemporary design language while preserving the familiarity and recognition associated with Federal Bank.

Our Integrated Reporting Approach

This Report brings together financial and non-financial information in a single narrative. It explains how changes in the operating environment, stakeholder expectations and material matters influence management decisions, capital deployment and business outcomes.



Delivering Strong Shareholder Outcomes

₹4,117.32 Crore	11.47%	17.25%	₹5.79 Lakh Crore
Profit Attributable to Shareholders	Return on Equity	Capital Adequacy Ratio	Total Business

Reporting Information

This Integrated Annual Report covers the operations of The Federal Bank Limited, its subsidiaries and associate, unless otherwise stated. The Report primarily relates to the financial year from **April 1, 2025 to March 31, 2026.** Comparative information from previous years has been included, where relevant, to provide context and support the assessment of trends and performance.

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)

The restatement has been undertaken to ensure consistency and enhance comparability of information across reporting periods.

Our Reporting Suite



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 17, 2026**. 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 500 listed entities, Federal Bank is subject to reasonable assurance for BRSR Core parameters, in line with regulatory requirements. In addition to meeting this requirement, 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.

Release Date

The financial results for FY 2025–26, together with the audit reports thereon, were made publicly available on **April 29, 2026**.

Shareholder Information

The Notice of the 95th Annual General Meeting (AGM) along with the Integrated Annual Report for the financial year 2025-26 is sent only through electronic mode to the members and are also available on the Bank's website at www.federal.bank.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).

Stakeholder Feedback

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

Cautionary Note Concerning Forward-looking Statements

This Integrated Annual Report contains forward-looking statements based on the Bank's current assumptions and expectations. These statements are subject to risks and uncertainties, including but not limited to, changes in economic conditions, regulatory developments and other external factors, which may cause actual outcomes to differ materially. Readers are advised to exercise caution in relying on such statements. The Bank undertakes no obligation to update them, except as required by law.

The Bank has considered the relevant Guidance Notes, Technical Guides, and other authoritative publications issued by the Institute of Chartered Accountants of India (ICAI), wherever applicable, with a view to enhancing the quality, completeness, and transparency of its disclosures.



In This Year's Report

Corporate Overview

Foreword from the Chairman	04
Managing Director's Message to Shareholders	08
Disciplined Growth. Sustained Momentum.	12
Decades of Discipline. A Legacy of Momentum.	14
The Federal Banking System	16
Our Businesses	18
Our Group Companies	20
Sustainability Performance Snapshot	22
Building a more Visible Bank	24
Awards and Accolades	28
Board of Directors	32
Management Team	36
Stakeholder Engagement and Materiality Assessment	40
Our Strategic Agenda	44
Growth Through Risk Discipline	48
Strategic Capital Trade-offs	52
Financial Capital	54
Manufactured Capital	60
Intellectual Capital	66
Human Capital	76
Social and Relationship Capital	96
Natural Capital	110
Corporate Information	115

Statutory Reports

Board's Report	116
Corporate Governance Report	145
Business Responsibility and Sustainability Report	185
Management Discussion and Analysis	232

Financial Statements

Standalone Financial Statements	267
Consolidated Financial Statements	356
Form AOC 1	420

Annexure

Basel III Disclosures	422
GRI Content Index	448



To view the Annual report online log on to **https://www.federal.bank.in/annual-reports**

Foreword from the Chairman

Dear Shareholders,

It is both a privilege and an honour to write to you for the first time as the Chairman of Federal Bank. I thank you all for the trust that you have reposed in me, and I will strive to live up to it.



Every institution has a basic defining character. While products evolve, technologies advance and markets transform, the true strength of an institution such as our Bank lies in its ability to preserve the values that have earned the confidence of its stakeholders while continually adapting to the changing world around it. Over the years, Federal Bank has maintained this fine balance with remarkable consistency. It has embraced change with conviction and deep understanding, while remaining steadfast in its commitment to its cardinal virtues of fairness, trust, prudence and responsible banking. It is this enduring commitment to the Bank's values that gives me confidence and strength as I assume this great responsibility.

Our Mutating Environment

The global economic environment continues to be buffeted by geopolitical conflict, supply-chain shocks and the resurgence of protectionism. The Russia–Ukraine war and tensions in West Asia have increased volatility in energy markets, choked historic trade routes and untethered commodity prices. Risks of disruptions in the Strait of Hormuz continue to threaten energy security and fuel imported inflation, particularly for oil-importing economies like India. These developments are catalysing supply-chain diversification, higher defence spending, as well as greater volatility in capital flows and exchange rates, underscoring the need for macroeconomic stability and resilience.

Against this uncertain global backdrop, India entered FY 2026-27 from a position of relative strength. The RBI projects GDP growth of 6.6%, making India the world's fastest-growing major economy, supported by strong domestic demand and services growth. The Government continues its fiscal consolidation, targeting a fiscal deficit of 4.3% of GDP for FY 2026-27 while maintaining high capital expenditure. While inflation had eased closer to the RBI's 4% target, its tamping down looks set to be a continuing challenge. Sustaining the country's growth in this turbulent global environment will depend on greater levels of private investment, fostering manufacturing competitiveness, focus on productivity and more investments in technology.

The banking sector, too, has strengthened significantly, with lower NPAs, improved governance, strong capital levels and healthy profitability. While credit growth remains robust, regulators continue to focus on risks from unsecured retail lending, rising household debt and slower deposit growth. Enhancing financial stability, cyber resilience and responsible digital lending remain a key priority. Banks will also need to find their own sweet spots by prudential innovation, for securing new income sources in this era of changing savings habits, amidst a rapidly evolving economic environment.

Federal Bank's Journey During the Year

Against this backdrop, Federal Bank delivered another year of balanced and responsible growth. The Bank reported its highest-ever annual net profit of ₹4,117 Crore, while operating profit increased to ₹7,206 Crore, net interest income reached ₹10,657 Crore and fee income touched a record ₹3,559 Crore. More importantly, it continued to strengthen the quality of its franchise. The Board has closely overseen the disciplined manner in which the management team has balanced growth with prudence, strengthened the liability franchise, enhanced earnings quality, and invested in capabilities that will support the Bank in the years ahead. Sustainable value creation is seldom the outcome of a single initiative.

The Bank reported its highest-ever annual net profit of ₹4,117 Crore, while operating profit increased to ₹7,206 Crore, net interest income reached ₹10,657 Crore, and fee income touched a record ₹3,559 Crore.

It is built patiently through consistency of purpose, steadfast commitment to the Bank's values, sound governance and responsible execution.

FY 2025-26 was also a year of several defining milestones. While the Bank further strengthened its leadership in CASA and NR franchises—with CASA deposits crossing ₹1 Lakh Crore for the first time to ₹1,03,390 Crore and the CASA ratio improving to 32.94%, alongside NR deposits also crossing the ₹1 Lakh Crore milestone to ₹1,02,620 Crore. Equally encouraging was the continued evolution of the loan portfolio towards higher-yielding assets, reflecting a conscious emphasis on improving the quality and sustainability of earnings. The Bank also closed the year with a total business of ₹5.79 Lakh Crore, while delivering a Return on Assets of 1.15%, Return on Equity of 11.47%, improving its Cost-to-Income ratio to 52.27%, and maintaining healthy asset quality with Gross NPA at 1.62% and Net NPA at 0.20%.

The year also marked the fruition of several initiatives that had been carefully nurtured over time, allowing the Bank to begin realising their benefits. At the same time, new opportunities emerged, prompting the team to embark on the next set of transformational initiatives that will shape the Bank's future.

One of the year's key developments was Blackstone-managed funds' strategic investment, reflecting confidence in Federal Bank's strong governance, disciplined execution and long-term value creation. The additional capital enhances the Bank's ability to pursue future opportunities while maintaining financial discipline.

The proposed acquisition of a selected credit card portfolio from Standard Chartered Bank supports the Bank's retail growth strategy, strengthens customer relationships and advances its goal of building a more diversified and sustainable business model. Together, these initiatives reflect a disciplined and purposeful approach to growth.

Thus, inorganic growth strategies like these key initiatives are set to become foundational to the Bank's strategy, in quest of our ambition to become one of the country's top private sector banks.

Investing in the Future

Our branch network is undergoing a thoughtful transformation through Project Udaan. During FY 2025-26, we expanded our physical presence by adding 51 new banking outlets, taking our network to 1,640 Banking Outlets as on March 31, 2026. While customers will notice tangible improvements in the physical infrastructure, the more meaningful change lies beneath the surface. The initiative seeks to redefine the role of the branch—creating an environment that is more welcoming, more efficient and better aligned with our refreshed brand identity. More importantly, it enables our teams to spend less time on routine processes and more time doing what matters most: building relationships, understanding customer aspirations and delivering meaningful financial advice.

Our branch network is undergoing a thoughtful transformation through Project Udaan. During FY 2025-26, we expanded our physical presence by adding 51 new banking outlets, taking our network to 1,640 Banking Outlets as March 31, 2026.

Technology has long been one of Federal Bank's defining strengths, and it will continue to shape our future. We remain committed to investing in digital capabilities while thoughtfully and prudently exploring the immense possibilities that Artificial Intelligence presents. Our AI-powered virtual assistant, Feddy, now resolves 93 out of every 100 customer queries, reflecting how technology is helping us deliver faster, more seamless and more responsive customer service. Yet, even as technology becomes more intelligent and banking more digital, one principle will remain unchanged. At Federal Bank, technology will always be an enabler, never the purpose. The heart of this institution has always been its people and the relationships they nurture, and that human connection will continue to define who we are. In the ultimate analysis, it's the quality and the integrity of our people which matters most to our customers, shareholders and other stakeholders.

It is therefore particularly gratifying that we continue to be recognised among the country's best employers. During the year, we welcomed 2,687 new colleagues into the Federal family, and our attrition levels remain well below industry averages, despite sustained hiring over the past several years, reflecting the strength of the environment we have created and the sense of belonging that our people experience.

Equally important is our commitment to continuous learning. In a world where skills are evolving faster than ever before, learning cannot remain an event; it must become a way of life. Our world-class learning and development ecosystem continues to equip employees across every level with the knowledge, capabilities and confidence required to lead in an increasingly dynamic environment.

Creating Value Beyond Banking

Our commitment to people, however, extends well beyond our employees and customers. As a responsible corporate citizen, Federal Bank has always believed that sustainable progress must be shared. Through our Federal Ashwas Financial Literacy Centres, we reached close to 150,000 beneficiaries during the year, empowering individuals and communities with the knowledge needed to make informed financial decisions and participate more confidently in the formal financial system.

Through initiatives such as our Skill Academies, we seek to equip young people with employable skills and meaningful opportunities. Programmes like Speak for India encourage young minds to think critically, express themselves with confidence and actively participate in shaping the nation's future. Our marathons promote healthier communities while bringing people together around a common purpose.

Through our Federal Ashwas Financial Literacy Centres, we reached close to 150,000 beneficiaries during the year, empowering individuals and communities with the knowledge needed to make informed financial decisions and participate more confidently in the formal financial system.

Through initiatives such as our Skill Academies, we seek to equip young people with employable skills and meaningful opportunities. Programmes like Speak for India encourage young minds to think critically, express themselves with confidence and actively participate in shaping the nation's future.

Among these initiatives, Sanjeevani remains particularly close to our hearts. More than a CSR programme, it represents the Bank's enduring commitment to making quality cancer care accessible to those who need it the most. Over the years, it has touched countless lives and stands as a powerful reminder that the true measure of an institution extends beyond its balance sheet to the positive difference it creates in society.

The Journey Forward

As a Board, our responsibility extends well beyond reviewing financial performance. We remain equally focused on ensuring that the Bank continues to build capabilities that will sustain its relevance over the coming decades. Investments in technology, digital resilience, cybersecurity, leadership and organisational capability are therefore viewed as strategic investments in the institution's future.

The Board has also encouraged continued investments in strengthening customer relationships, expanding the Bank's presence across high-potential markets and developing businesses that complement its traditional strengths. At every stage, these initiatives are evaluated through the lens of governance, risk management and long-term shareholder value. It is this balanced approach that has enabled Federal Bank to evolve while remaining firmly anchored to the principles that have defined it for generations.

Perhaps the greatest source of confidence, however, lies beyond financial metrics or strategic initiatives. It lies in the culture of the institution. Organisations achieve success through strategy, but institutions endure because of their people. Throughout my interactions with the Board, the management team and employees across the Bank, I have witnessed a shared commitment to integrity, accountability, professionalism and customer service. These qualities cannot be measured on a balance sheet, yet they remain among the Bank's most valuable assets.

As we look ahead, the opportunities before us are considerable. Equally, the environment will continue to demand agility, sound judgment and thoughtful leadership. Strategies will evolve, technologies will change and customer expectations will continue to rise. Yet I am confident that the principles that have guided Federal Bank throughout its journey will continue to provide the foundation upon which its future will be built.

Our aspiration remains unchanged—to become the Most Trusted and Most Admired Bank. This aspiration is not merely about growth or scale, but about earning the enduring trust of our customers, creating long-term value for our shareholders, providing meaningful opportunities for our employees and contributing positively to the communities we serve. The strong progress made during FY 2025-26—including record profitability, a strengthened liability franchise, improved operating efficiency and resilient asset quality—provides a solid foundation as we pursue this aspiration with confidence. It is this aspiration that will continue to guide every decision we make and carry the Bank forward.

Before I conclude, I would like to place on record my sincere appreciation to my predecessor, Mr. A. P. Hota, for his distinguished leadership and invaluable contributions to the Bank. I also extend my gratitude to my fellow Directors, the management team led by our very able and committed MD, every Federal, our customers and our shareholders, for their trust and commitment that continue to strengthen this institution.

I look forward to working with all of you as we build upon this strong foundation and shape the next chapter in Federal Bank's remarkable journey.

Thank you.

Elias George
Part-time Chairman and
Independent Director

Managing Director's Message to Shareholders

Dear Shareholders,

It is with a deep sense of gratitude and optimism that I write to you after completing my first full financial year as the MD & CEO of this institution. While my association with the Bank began nearly two years ago, this year has offered me the opportunity to lead through a unique period—one marked by a mix of volatility and uncertainty, yet also by learning and opportunities.



The World We Navigate

The theme of this year's Annual Report, **"Disciplined Growth. Sustained Momentum."**, was chosen with considerable deliberation. It is a reflection of the extraordinary confluence of forces that have shaped the global landscape—economic and geopolitical realignment, technological disruption and evolving capital allocation paradigms. I vividly recall sitting in a boardroom discussing the Bank's strategic priorities for FY 2026-27 when news began to emerge of the escalating crisis in the Middle East. It was a development that had found no place in the assumptions underpinning our strategy deck. It served as a powerful reminder that while every organisation prepares its own strategy, the world has a strategy deck of its own—one that none of us has the privilege of reading in advance. That is the defining characteristic of the times we live in.

The reverberations of the conflict in the Gulf were felt far beyond the region, influencing economies and markets across the world. India, too, was not insulated from these external headwinds. Businesses and households experienced the consequences in varying degrees as uncertainty permeated trade, capital flows, and market sentiment. Yet, the Indian economy demonstrated remarkable resilience. Anchored by robust domestic demand, sustained investment activity and the enduring strength of its services sector, it stood apart in an increasingly uncertain global environment. Macroeconomic fundamentals remained reassuring. Inflation stayed largely below the Reserve Bank of India's tolerance band. The banking sector, too, continued to exhibit healthy credit growth, strong profitability, and historically low levels of non-performing assets, underscoring the soundness of the financial system.

While we can say that the nation successfully navigated the crosscurrents of geopolitical uncertainty and shifting trade dynamics, one should keep in mind that the pace of change keeps accelerating. Uncertainty has become more pervasive, and assumptions have a far shorter shelf life than they once did. In such an environment, the true differentiator is seldom strategy alone, but the tactical discipline and agility with which it is executed. Such periods of inflection demand more than ambition; they demand discernment, strategic patience, and the fortitude to distinguish enduring value from transitory opportunity.

Purpose in Performance

As I reflect on the Bank's performance over the past fiscal year, disciplined execution and the agility to adapt to an evolving environment stand out as defining themes. Each milestone we achieved in the year is the outcome of deliberate choices made over time.

The Bank's sustained emphasis on strengthening the liability franchise yielded tangible results. CASA deposits crossed the landmark ₹1 Lakh Crore milestone, reaffirming the confidence that lakhs of customers continue to repose in the Bank. Equally significant, non-resident deposits also surpassed ₹1 Lakh Crore. Even as geopolitical tensions unsettled markets across regions, customers around the world chose Federal Bank as the custodian of their savings—an affirmation that trust, once earned through decades of consistent stewardship, remains an institution's most valuable asset.

On the asset side, the Bank remained equally deliberate. Efforts to recalibrate the loan portfolio towards segments offering superior risk-adjusted returns, without compromising underwriting

The Bank's sustained emphasis on strengthening the liability franchise yielded tangible results. CASA deposits crossed the landmark ₹1 Lakh Crore milestone, reaffirming the confidence that lakhs of customers continue to repose in the Bank.

standards, further strengthened the quality of earnings. At the same time, the Bank's commitment to supporting entrepreneurs, small businesses, and individual borrowers remained steadfast, reflecting the conviction that sustainable banking must contribute meaningfully to the nation's broader development aspirations. Alongside asset growth, we have also strengthened our focus on improving the quality and contribution of fee income. Businesses such as trade, forex, and transaction banking are being strengthened as important engines of future growth.

The quality of the Bank's execution is best reflected in the profitability metrics. Encouragingly, in the final quarter of the year, both Net Interest Margin and Return on Assets were above our respective pre-rate-cut levels. In a declining interest rate environment, where margin compression became an industry-wide reality, these outcomes indicate a balance sheet shaped by prudence.

Another highlight of FY 2025-26 was the investor confidence that we continued to attract. Few endorsements carry greater significance than the confidence placed by a discerning long-term investor.

Blackstone, one of the world's pre-eminent investment firms, chose to invest in us to acquire a 9.99% stake through convertible warrants. It is a powerful affirmation of the strength of this franchise, its governance, and belief in its ability to create sustainable value. It also substantially reinforces the capital base and provides strategic headroom to accelerate growth while remaining committed to prudent capital allocation and disciplined execution.

Over the past year, I also continued my engagement with the Federal family through what I have come to call our 'Listening Tours'. What began as a personal initiative has now evolved into a broader leadership practice, with several members of our senior management team undertaking similar engagements to strengthen their connection with colleagues on the frontline.

This time, however, the conversations carried an additional purpose. Alongside listening, I wanted to return with answers. Many of the suggestions, concerns, and ideas shared during the previous tours had found their way into our decisions, and it was important to let our teams know that they had influenced the direction the Bank chose.

The Road Ahead

As fulfilling as the past year has been, that canvas now stands complete. A new one now awaits the brushstrokes that will define another four quarters. Allow me now to share the priorities that will shape our journey in the year ahead.

As the Bank continues to sharpen its focus on the mass affluent segment, establishing our own wealth management business became a strategic imperative. Our wealth business has commenced its journey and is steadily building assets under management, laying the foundation for what we believe will become a meaningful pillar of the Bank's franchise. The Bank will further strengthen its presence in the mass affluent segment by growing the credit card business. This will be accelerated through the proposed acquisition of a credit card portfolio from Standard Chartered Bank, India.

The NR business remains one of the Bank's most enduring competitive strengths. While it has long served as a formidable moat, we do not view it as a franchise to be merely protected. Our ambition is to deepen its relevance, broaden its reach into newer markets and customer segments, and build an even stronger franchise that remains the benchmark in the years ahead.

The evolving composition of our loan portfolio is itself a reflection of our strategic direction. The calibrated shift towards assets yielding better risk adjusted returns underscores the Bank's deepened focus on the mid-market corporates, MSMEs, loans against property and gold loan segments. At the same time, the Bank is evaluating and building several complementary business lines, including tractor finance, micro-LAP, affordable housing, Corporate Real Estate and other specialised lending solutions. Together, they represent the steady broadening of the franchise's ability to serve customers across segments.

Network expansion guided by a more scientific and data-led assessment of potential markets, their demographic trends, and economic opportunities will be a priority to take the franchise more national in character. The plan is also to strengthen our presence across metropolitan centres and gradually deepen our footprint in India's highest GDP-contributing states. These steps, combined with the project already underway to reimagine the working of branches, will help them become centres of excellence in customer acquisition, engagement and service.

We are actively exploring multiple applications of AI, not as a replacement for human judgement, but as a powerful companion to both employees and customers. The approach remains measured, as the regulatory landscape surrounding AI keeps evolving.

Federal Bank has always been at the forefront of embracing technology. Yet, in an era increasingly shaped by Artificial Intelligence, being digital is now the baseline. We are actively exploring multiple applications of AI, not as a replacement for human judgement, but as a powerful companion to both employees and customers. The approach remains measured, as the regulatory landscape surrounding AI keeps evolving. The Bank has therefore established a proactive governance and risk framework to ensure that innovation is pursued responsibly, securely and ethically.

Recognising that technology will increasingly define the quality of customer experience and operational excellence, we have also undertaken a comprehensive review of the Bank's technology architecture. The team has commenced a project to reimagine and further amplify our IT capabilities. This exercise goes beyond upgrading systems. It is about building an architecture that is more resilient, scalable, secure, and capable of supporting the Bank's ambitions over the next decade.

The Engine Within

As business expanded in scale and aspiration, it became evident that the organisation had to evolve from within.

While preserving the Bank's three-pillar model of Wholesale Banking, Consumer Banking, and Support Functions, supported by robust assurance functions, we refined the responsibilities within each pillar to bring greater clarity, sharper accountability, and stronger business focus. Leadership capacity was also strengthened through a judicious blend of internal talent and accomplished professionals from outside the organisation. That the Bank was able to attract exceptional talent while simultaneously nurturing leaders from within is, I believe, a reflection of the culture this institution has built over the years. Ultimately, institutions derive strength not merely from the structures they build, but from the people who bring those structures to life.

Familiar, Yet Fresh™

As I reflect on the many changes I have spoken about, and the many more taking shape behind the scenes, I am reminded that one thing has remained, and will always remain, constant: the essence of Federal Bank. Strategies may evolve, structures may adapt, and priorities may shift, but the values that define this institution remain resolute.

Strategies may evolve, structures may adapt, and priorities may shift, but the values that define this institution remain resolute.

We remain, proudly, Federal. Yet, we have consciously chosen to look at familiar things through a fresh lens. That philosophy found expression in the latest brand refresh, built around a very simple idea—Familiar, Yet Fresh™.

We remain, proudly, Federal. Yet, we have consciously chosen to look at familiar things through a fresh lens. That philosophy found expression in the latest brand refresh, built around a very simple idea—Familiar, Yet Fresh. It reflects who we are becoming without losing sight of who we have always been.

As you experience the refreshed brand, I hope you will recognise the institution you have always known. The familiarity will remain. The trust will endure. What will feel different is the renewed energy, the sharper expression, and the confidence with which we step into the future.

Before I conclude, I would like to thank the shareholders for their continued trust, the Board for its guidance, the senior leadership team for their partnership, and every Federal whose dedication defines this institution. I also warmly congratulate Mr. Elias George on assuming office as Chairman of the Bank and wish him every success. My heartfelt appreciation also goes to Mr. A. P. Hota for his exemplary leadership and invaluable guidance during his tenure as the Chairman.

The years ahead will ask different questions of us. I have every confidence that, together, we will continue to find the right answers and perhaps even more importantly, ask the right questions.

Like each one of you, I remain immensely proud to be a Federal.

KVS Manian
Managing Director and
Chief Executive Officer

Disciplined Growth. Sustained Momentum.



For ninety-four years, Federal Bank has grown through relationships built over time, prudent banking practices and consistency in execution. These principles have guided us through changing markets, evolving customer expectations and different economic environments.

FY 2025-26 represented another year of progress for our franchise. Growth across businesses was accompanied by healthy asset quality, a resilient funding profile and capital levels that support future opportunities. During the year, we also introduced Federal 4.0 and a refreshed visual identity under the theme Familiar, Yet Fresh™, bringing a contemporary expression to a franchise that has served generations of customers.

The theme of this Integrated Annual Report reflects the approach that guides our decisions and defines our institution.

Discipline provides the foundation for sustainable growth. Momentum is built through customer confidence, execution over time and relevance across changing environments.

As we look ahead, these principles will continue to guide Federal Bank as we serve customers, support businesses and contribute to the communities in which we operate.

Values

Our time-tested **'CARES framework'** defines the values and behaviours that guide our actions and interactions with customers, colleagues and other stakeholders. It brings together five core values that shape how we serve, respond, build relationships, make decisions and create value.

C	Commitment to Excellence	Striving to be the best version of ourselves each day in serving all stakeholders, guided by resolve, service mindset, accountability, grit and continuous learning.
A	Agility	Responding and adapting swiftly to change and challenges through collaboration, responsiveness, flexibility, adaptability and continuous improvement.
R	Relationship Orientation	Being human at the core and nurturing relationships built on care, attention and diligence, empathy, trust, respect and pride, and cooperation.
E	Ethics	Having the courage and conviction to do the right thing every time, guided by integrity, genuineness and transparency, compliance, responsibility and fairness.
S	Sustainability	Being a responsible corporate citizen, guided by responsibility towards the environment and society, consistency and professionalism, prudence, innovation and creation of value for all stakeholders.

1.81 Crore	1,640	1,418	694
Customers	Banking Outlets	ATM	Recyclers

Decades of Discipline. A Legacy of Momentum.

1930–1950

THE FOUNDATIONS

Incorporated as Travancore Federal Bank Limited in 1931 at Nedumpuram near Tiruvalla, the Bank entered a defining phase when Shri K. P. Hormis and his associates acquired controlling interest in 1944. Its base moved to Aluva, and in 1947 it adopted the name The Federal Bank Limited, the identity the Bank carry today.

1951–1970

BUILDING THE INSTITUTION

This period established the Bank on a firmer institutional footing. The Bank secured its banking licence in 1959 and expanded franchise through the acquisition and amalgamation of five banks during the 1960s, culminating in its recognition as a Scheduled Commercial Bank in 1970.

1971–1990

EXTENDING OUR REACH

The Bank moved beyond Kerala, became an Authorised Dealer in Foreign Exchange and established its International Banking Department in Mumbai, laying the foundations of its NRI franchise. Its branch network expanded materially, while the establishment of the Computer Department in 1985 marked an early move towards technology-led banking. Merchant Banking Operations followed in 1989. In 1990, the Bank subdivided the face value of its shares from ₹20 to ₹10.

1991–2010

FROM EXPANSION TO CONNECTED BANKING

A 1994 public issue opened access to capital markets, followed by the Bank's first ATM in 1997. Anywhere Banking and FedNet arrived in 2000, marking the shift towards connected banking. By 2004, all branches were connected and RTGS-enabled. An US$80 Million GDR followed in 2006, migration to Finacle in 2007 and the first overseas Representative Office in Abu Dhabi in 2008. In 2004, the Bank declared a highly rewarding 2:1 bonus share issue.

2011–2014

SCALE WITH WIDER ACCESS

In 2013, the Bank undertook a 5-for-1 stock split, reducing the face value from ₹10 to ₹2. The Bank crossed 1,000 branches and ₹1 Lakh Crore in total business. FedBook brought the passbook onto a digital interface, financial inclusion initiatives widened banking access, and the first international-standard 24×7 Federal Experience Centre introduced a new format for customer service and round-the-clock banking.

2015–2016

A NEW DIGITAL PACE

A 1:1 bonus share issue in 2015. The Bank participated in India's first focused FinTech Accelerator Programme, introduced Fed-E-Credit and mobile account opening through FedBook Selfie, and established an IFSC Banking Unit at GIFT City. The launch of Lotza marked its entry into UPI.

2017–2018

OPENING THE BANKING ARCHITECTURE

An API marketplace opened the Bank to FinTech and corporate collaboration; blockchain entered cross-border remittances and DigiLocker expanded digital document access. Scale advanced alongside technology, with total business crossing ₹2 Lakh Crore and deposits ₹1 Lakh Crore.

2019–2020

BANKING FROM ANYWHERE

Video-KYC, FedSwagat and Fed e-Remit widened remote and self-service banking, while Feddy, the Bank's AI-powered virtual assistant, added conversational customer service. Total business crossed ₹2.5 Lakh Crore.

2021–2022

BROADENING THE PROPOSITION

The Bank launched its own credit cards and partnered with Fi and Jupiter Money for customised neo-banking experiences. The Green Deposit Scheme extended the proposition into sustainability-linked banking, while it also went live as an issuer on e-RUPI.

2023–2024

NEW DIGITAL FRONTIERS

Electronic Bank Guarantees and international-mobile-number UPI for NRE/NRO accounts widened digital capabilities. The Bank also strengthened its capital base through a ₹3,040 Crore Qualified Institutions Placement (QIP) and a ₹958 Crore preferential allotment in 2023, while new payment and credit propositions broadened the franchise. By March 2025, total business had crossed ₹5 Lakh Crore, while annual net profit reached ₹4,052 Crore.

2025–2026

FAMILIAR, YET FRESH™

The Bank entered another phase of scale, with total business reaching ₹5.79 Lakh Crore and the balance sheet at ₹3.88 Lakh Crore by March 2026. CASA and NR deposits each crossed ₹1 Lakh Crore for the first time. The period also saw the Board approve a preferential issue of warrants to an affiliate of Blackstone (Asia II Topco XIII Pte. Ltd), representing a potential investment of approximately ₹6,196 Crore and a stake of up to 9.99%, subject to full exercise, new supply-chain and agricultural financing propositions, the refreshed Familiar, Yet Fresh™ identity and the launch of the Unified Credit Cards Module.

Selected milestones in the Bank's journey. Figures are as at the respective reporting periods.

Click here or scan the QR code to explore the Bank's milestones.

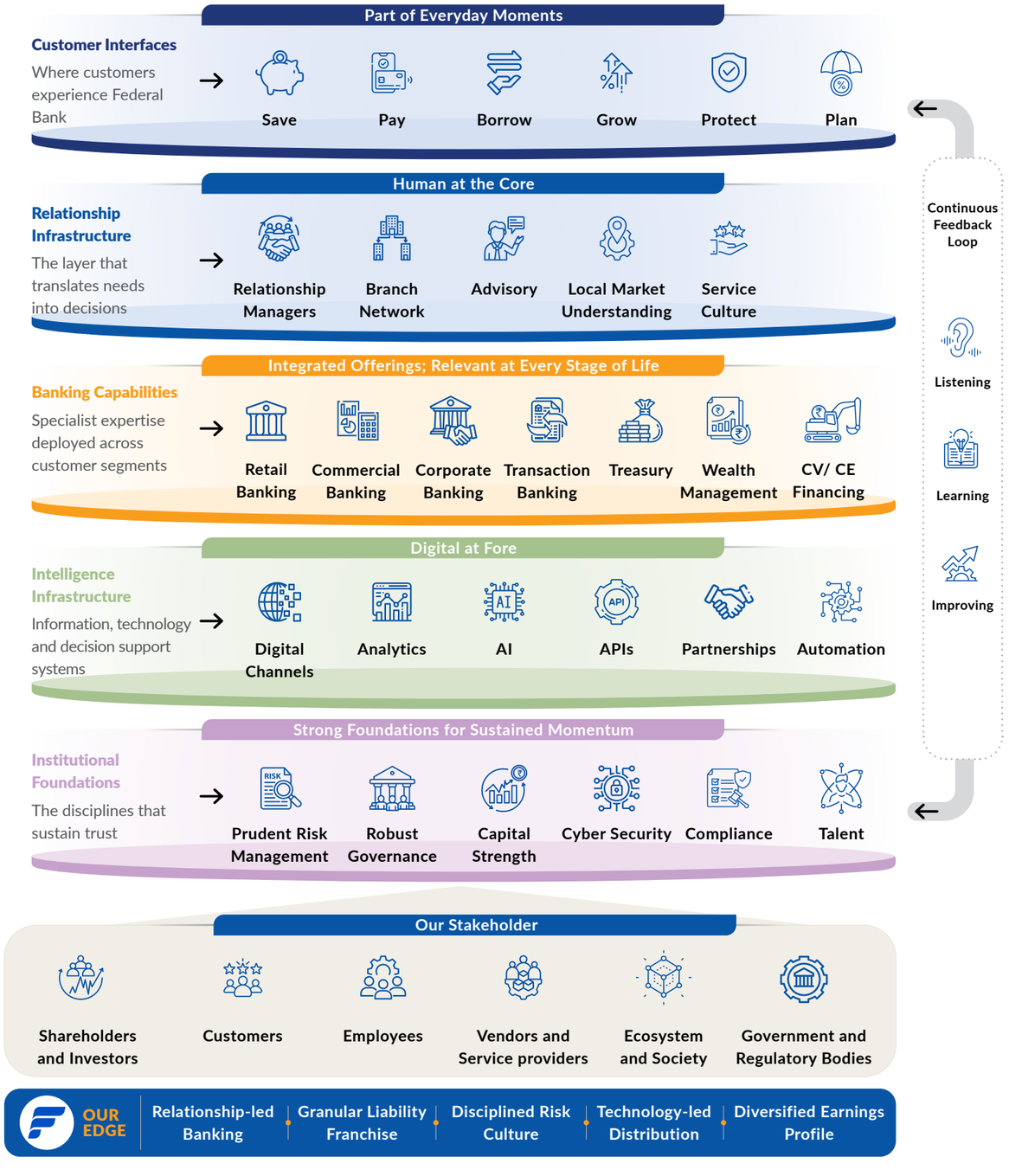
The Federal Banking System



Federal Bank operates through an integrated banking system that brings together customer relationships, specialist capabilities, digital infrastructure and institutional discipline. Each layer of this system contributes to how the Bank serves households, businesses and institutions, allocates capital, manages risk and creates value across economic cycles.

The model combines local understanding with national reach, enabling Federal Bank to participate across diverse customer requirements while maintaining consistency in decision-making, service delivery and risk standards.

Combining relationships, capabilities and trust to serve customers across financial needs, business cycles and life stages.



Our Businesses

Our businesses serve households, global Indians, entrepreneurs, commercial enterprises, corporates and institutions across domestic and international markets through Retail Banking and Wholesale Banking franchises. The portfolio combines retail liabilities, NRI banking, secured lending, commercial banking and transaction banking, bringing diversity across funding sources, asset classes and income streams.

Retail Banking

Our retail franchise serves customers across savings, payments, borrowing, wealth creation and protection requirements. The business combines one of India's largest NRI banking franchises with a growing domestic liability base and a diversified secured retail portfolio. Commercial Vehicle (CV) and Construction Equipment (CE) financing extends the lending proposition to customers across transportation, logistics and infrastructure-linked activities. Customer relationships frequently extend across products, life stages and geographies. Branch banking, relationship managers and digital channels operate together across these interactions, allowing the Bank to participate across a wider share of household financial requirements over time.

NRI banking occupies an important position within our business mix. Relationships span domestic and international markets and frequently extend across families and generations. FY 2025-26 saw CASA balances and NR Deposits each cross ₹1 Lakh Crore, while Gold Loans, Loan Against Property and Wealth Management accounted for a larger share of business activity.

Business Participation

- Deposits and Transaction Banking
- NRI Banking and Remittances
- Housing Finance
- Gold Loans
- Loan Against Property
- Cards and Payments
- Wealth Management
- Insurance Distribution
- Financial Inclusion and Microfinance
- Digital Banking
- Business Banking
- CV / CE Financing
- Agri Business
- Auto Loans



₹70,118 Crore
Retail Advances

₹4,360 Crore
Micro Loans

₹38,401 Crore
Gold Loans

₹5,797 Crore
CV/CE Business

₹20,196 Crore
Business Banking Advances

Wholesale Banking

Our wholesale franchise serves MSMEs, commercial enterprises, corporates and institutions through lending, transaction banking and treasury capabilities.

The business combines Commercial Banking and Corporate Banking with trade finance, cash management, supply chain finance and foreign exchange capabilities. Customer relationships frequently extend across lending, collections, payments, treasury and trade requirements, increasing the share of non-fund business generated through these relationships.

Commercial Banking occupied a larger role within portfolio growth during FY 2025-26. Transaction banking activities gained share across customer relationships while supply chain finance, foreign exchange and cash management recorded higher levels of activity.

Business Participation

- Commercial Banking
- Corporate and Institutional Banking
- Trade Finance
- Cash Management Services
- Supply Chain Finance
- Treasury Solutions
- Foreign Exchange Services



₹95,367 Crore
Corporate Banking Advances (including Credit Substitutes)

~₹19 Lakh
Average MSME Loan Ticket Size

₹29,846 Crore
Commercial Banking Advances

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

Our Group Companies



Our Group Companies extend the Bank's participation across banking operations, retail asset distribution and insurance solutions. While each entity operates with a distinct mandate, their activities complement the Bank's customer franchise, distribution capabilities and operating model.

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.federal.bank.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.

Federal Operations & Services Limited (FedServ)

Wholly Owned Subsidiary
100%
Holding

FedServ continues to strengthen its position as the strategic operations and technology partner of Federal Bank, delivering scalable, efficient and customer-centric services that support the Bank's growth ambitions. Operating through five strategically located centres in Kochi, Visakhapatnam, Indore, Coimbatore and Bengaluru, FedServ provides end-to-end operational and technology support while driving standardisation, productivity, resilience and cost optimisation across the organisation.

FY 2025-26 Snapshot

- Successfully launched the Coimbatore Centre, enhancing business continuity and cost efficiency.
- Expanded support to CASA Sales and BDE functions, strengthening customer acquisition efforts.
- Consistently achieved 95%+ KPI performance across operational processes.
- Efficiently managed 100+ critical activities supporting the Bank's operations.
- Enabled migration of multiple processes from the Bank, driving standardisation and cost optimisation.
- Facilitated ₹373.93 Crore in Personal Loan sales through the Contact Centre.
- Generated ₹1,228 Crore in Gold Loan business during the year.
- Sourced 35,235 Credit Cards and enabled ₹37 Crore in Credit Card EMI conversions.

Fedbank Financial Services Limited (Fedfina)

Subsidiary
60.8%
Holding

Fedfina participates in the retail asset segment through secured lending products, primarily gold loans and mortgages, catering to emerging self-employed and underserved customer segments. Its branch-led distribution model complements the Bank's franchise while widening participation across customer categories and geographies

FY 2025-26 Snapshot

- 757 branches across 17 States & UTs
- 98.9% secured portfolio
- PAT grew by 52.6% YoY to ₹343.6 Crore
- Gold AUM grew 76% YoY, supported by record disbursements of 28,326 Crore
- AA+/Stable ratings from CARE, CRISIL, ICRA and India Ratings

Ageas Federal Life Insurance Company Limited

Associate
30%
Holding

Ageas Federal Life Insurance provides life insurance solutions across protection, savings and retirement needs through the Bank's bancassurance partnership with Ageas Federal Life Insurance.
The business complements the Bank's bancassurance franchise and strengthens customer participation across long-term protection and financial security products.

FY 2025-26 Snapshot

- Total premium collection of ₹3,664 Crore
- 23% Individual APE growth
- 14th consecutive year of profitability
- Claim settlement ratio of ~99.82%

Sustainability Performance Snapshot



We have established targets across selected areas of sustainable finance, resource management, financial inclusion and workforce participation and monitor progress against these commitments periodically.

The snapshot below provides an update on performance against these targets as of March 31, 2026.



Our Commitments

Grow Green Portfolio

Target Metric

₹13,000 Crore

Target Date

December 2025#

FY 2025-26 Progress

Green portfolio reached ₹10,489 Crore, with financing across renewable energy, electric mobility, green buildings and resource-efficient sectors.



Our Commitments

In-house Solar Power Generation Capacity

Target Metric

750 kWp

Target Date

March 2028

FY 2025-26 Progress

Installed solar capacity increased to 570 kWp across Bank premises.



Our Commitments

Water Conservation Capacity

Target Metric

2 Lakh Litres

Target Date

March 2028

FY 2025-26 Progress

Water conservation capacity reached 1,38,500 Litres through harvesting.



Our Commitments

Finance Women Entrepreneurs through BC Channel

Target Metric

20.00 Lakh

Target Date

March 2030

FY 2025-26 Progress

Outreach through the BC channel reached 14.30 Lakh women entrepreneurs.



Our Commitments

Green Certified Premises

Target Metric

Minimum 10% of occupied area

Target Date

March 2028

FY 2025-26 Progress

Green certified premises accounted for 5.5% of occupied area.



Our Commitments

Women Representation in Workforce

Target Metric

≥40%*

Target Date

Ongoing

FY 2025-26 Progress

Women represented 42% of the workforce, remaining above the Bank's stated threshold.

*The Bank's gender diversity commitment has been recalibrated to 37%, considering the current workforce composition, recruitment trends and expected talent pipeline, while continuing efforts to improve women representation across the organisation.

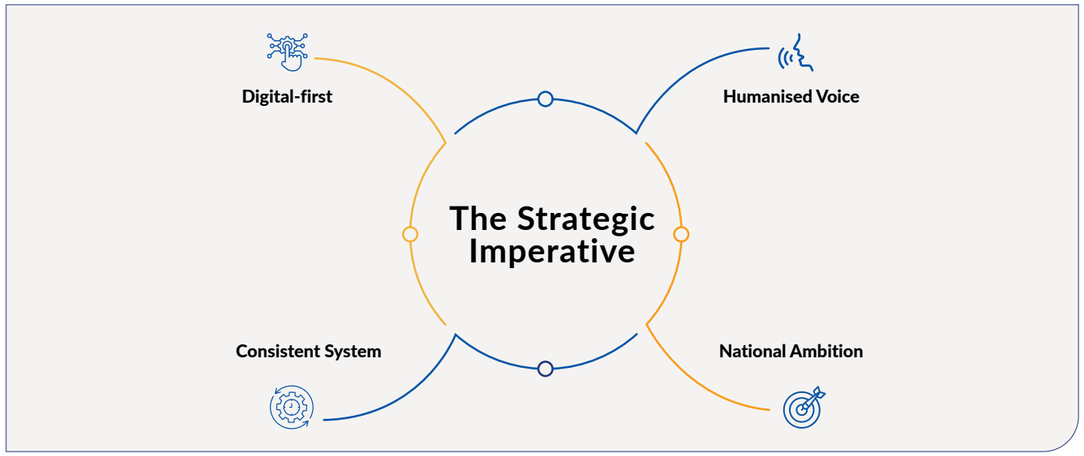
#The green loan target has been revised to ₹15,000 Crore by March 2030, reflecting an enhanced commitment to sustainable finance and the need for a calibrated growth trajectory that balances business expansion with prudent risk management.

Building a more Visible Bank



Institutions with deep roots carry a responsibility. They must safeguard the trust earned over generations, while remaining alive and relevant to the aspirations of a new era. Federal Bank has always stood for reliability, enduring relationships, and responsible banking. These values have defined how generations of customers have experienced our brand.

During the year, we undertook a series of actions aimed at creating greater consistency across customer touchpoints, increasing relevance across markets and improving the effectiveness of customer communication. These actions coincided with our broader Federal 4.0 agenda and the growing shift towards digital and omnichannel customer journeys.



Familiar yet Fresh™

A major milestone during the year was the introduction of our **Familiar Yet Fresh™** brand platform. The refresh sought to retain the familiarity associated with Federal Bank while presenting our brand through a more contemporary expression. The new identity introduced the **Fortuna Wave™**, a visual language inspired by Authenticity, Prosperity and Togetherness. Rollout commenced across branches, ATMs, websites, mobile applications and communication assets. More than 100 touchpoints and six communication channels adopted the refreshed identity during the first phase.

The refresh also established a common design architecture across customer-facing channels. Visual standards, communication tonality and customer-facing assets have been aligned to create a consistent and cohesive customer experience across touchpoints. Branch migration formed an important part of the rollout, extending the refreshed identity across physical touchpoints and creating a more uniform experience across markets. The refreshed identity also gave shape to our Go-To Friend positioning and provided a clearer expression of our Human at the Core philosophy. Both themes influence how we present ourselves to customers and how relationships are reflected across channels.

Making Every Interaction More Relevant

The Rishta philosophy remained an important part of how we engage with customers.

Customers approach us with different aspirations, financial requirements and life-stage needs. Our 3S framework of Segment, Scale and Sustain provides the structure for engaging with customers in a more relevant manner across segments. Customer behaviour, preferences and requirements increasingly shape how we design outreach and engagement. We observed encouraging responses across several targeted campaigns undertaken during the year.

Our association with Vidya Balan entered another year. Her appeal spans generations, geographies and customer groups. Campaigns centred on everyday aspirations, financial milestones and life events. This helped preserve the relationship-led character of the brand while keeping our messaging contemporary and relatable.

Customer insights, behavioural analytics and programmatic media played a larger role in outreach during the year. Relevance and timing increasingly shape communication decisions, allowing messages to reach customers through channels and formats most suited to their preferences.



Building a more Visible Bank (Continued)

AI Inside Marketing

Artificial intelligence became part of our day-to-day marketing operations. Applications span content creation, creative adaptation, multilingual communication, asset resizing and campaign deployment. Marketing teams can now convert ideas into customer-facing content within shorter timelines and across a wider range of formats.

The impact extends beyond speed. AI allows us to produce more content using the same resources. Creative assets can be adapted across languages, formats and platforms with greater efficiency. Time-to-market has reduced while communication output has increased.

Customer relationship management tools, analytics and workflow engines work together to identify service requirements and customer interaction opportunities across channels.

Every Market has its Own Voice

A national brand must remain relevant at a local level. Language, culture and customer behaviour vary across markets. We therefore adapt communication to local context while maintaining a common brand identity. Vernacular communication now forms a larger part of customer outreach and allows us to participate more naturally in regional conversations. This approach shaped our participation across a wide range of regional platforms and community-led events.

Selected Market Activations



Ahmedabad Shopping Festival



Coimbatore Corporate Carnival



Kerala Cricket League


Nehru Trophy Boat Race



Durga Puja celebrations



Garba festivities



Sarad Utsav programmes



Regional cultural partnerships

Beyond Advertising

We recognise that brand perception is shaped by experiences as much as communication. Community engagement, local partnerships and customer-facing activations remained important elements of market outreach. These interactions place our brand in environments where customers live, work and participate in community life.

Experiential marketing formed a larger part of the outreach mix. Events, activations and customer interactions were designed to create memorable experiences rather than promotional visibility alone. Real customer stories and everyday financial experiences increasingly informed our messaging across channels.

The brand refresh also extended internally. Employee-facing communication adopted the refreshed identity, creating greater consistency across internal and external brand expression. Internal awareness initiatives familiarised employees with the refreshed brand architecture and communication framework.

Building Trust in Digital Banking

Digital banking adoption has increased significantly across customer segments. We therefore place considerable emphasis on customer awareness and safe banking practices.

Our **'Twice is Wise'** campaign addresses cyber fraud, digital safety and responsible banking practices through simple and relatable examples. Messages are delivered through social media, digital platforms and regional language formats.

Customers also receive guidance through SMS alerts, WhatsApp communication, app notifications and branch-level awareness activities. Messaging covers payment verification, protection of sensitive information and reporting suspicious activity. We place equal importance on awareness within the organisation. Teams that identify and prevent cyber threats share their experiences across the Bank. These examples increase awareness of emerging risks and encourage vigilance across functions.

FedWealth

The launch of FedWealth marked our entry into a dedicated wealth management proposition. The offering combines advisory services, curated investment solutions, dedicated wealth hubs and digital wealth capabilities. It caters to affluent and emerging affluent customers seeking personalised financial guidance and investment support.

FedWealth Highlights

- **Dedicated wealth hubs**
- **Curated investment solutions**
- **Advisory-led engagement**
- **Digital wealth capabilities**
- **Relationship-based service model**
- **Coverage across affluent and emerging affluent customer segments**

Looking Ahead

Our priorities include completing the rollout of the refreshed identity, increasing the use of analytics across communication planning, expanding vernacular outreach and deepening engagement across affluent, NRI and emerging customer segments. We will also expand community-based engagement, experiential platforms and customer awareness initiatives while ensuring our communication remains relevant across a rapidly changing banking environment.

Awards and Accolades

Digital Banking, Payments and Technology



Financial Express BrandWagon ACE Awards 2025

Excellence in Innovation in AI-Powered Content for the Onam Maveli Series



Indian Banks' Association Banking Technology Awards 2024-25*

Runner-Up:
Best AI & ML Adoption

Runner-Up:
Best Digital Sales

Special Mention:
Best Fintech & DPI Adoption



Global Fintech Innovation Awards (GFIA) 2025

FedOne recognised under the "Best-in-Class" category



Infosys Finacle Innovation Awards 2025

Platinum Winner:
Channel Innovation for AI Virtual Assistant Feddy

Platinum Winner:
Product Innovation for SmilePay



Finnoviti Awards 2025

SmilePay recognised for facial recognition-based payment innovation



Department of Financial Services Digital Payments Awards*

1st Position:
Overall Digital Payments among Private Sector Banks for FY 2023-24

2nd Position:
Overall Digital Payments among Private Sector Banks for FY 2022-23



ET Edge Data Centre and Cloud Innovation Summit 2025

Recognition for AI-powered virtual assistant Feddy under the Operations category



Digital QA and Software Testing Awards

Best Software Testing Team of the Year (Banking)

People, Learning and Workplace



Marksmen Daily Most Preferred Workplaces Awards 2025-26

Recognised among India's Most Preferred Workplaces 2025-26



Brandon Hall Excellence Awards 2025

Gold:
Best Learning Measurement

Silver:
Best Competencies and Skill Development



CII-IWN Leadership Conclave 2026

First Prize at the Young Women Leaders Competition under Talententia Mirai 2025

*Includes awards received during the year in recognition of performance relating to the previous financial year.

Awards and Accolades (Continued)

Risk, Governance and Control Environment



Institute of Internal Auditors India National Conference 2026

Excellence Award for Human-Centered Audit



IBA CISO Summit and Citations 2025

Winner:
Cyber Incident Response Maturity

Special Prize:
Cyber Security Team of the Year

Special Prize:
Cyber Compliance Champion



CRIF Data Excellence Awards 2024

Promising:
Data Quality Improvement (Commercial)



TransUnion CIBIL Credit Conference 2025

Silver Award:
Best Data Quality in the Private Bank Commercial Segment



FinCrime Expert Awards 2025

BFSI Team for Excellence in Fraud Risk Management awarded to the Transaction Monitoring and Fraud Prevention function



FEDAI Annual Training Meeting 2025

Recognition for participation in the highest number of FEDAI workshops during the year

Sustainability and Responsible Banking



Indian Green Building Council (IGBC)

Inducted as a Founding Member of IGBC

Platinum Certification for Federal Towers, Ashokapuram under the Green Building category

Gold Certification for 21 Bank premises under the Green Interiors category



Dun & Bradstreet ESG Leadership Summit 2025

ESG Champion of India 2025 under the Corporate Governance category



KMA Green Palm Awards 2026

Sustainability Enterprise Award (Large Category)

Brand, Communications and Corporate Reporting



LACP Spotlight Awards 2025

Gold Award for Annual Report

Featured among the LACP Global Top 100 organisations

Only Indian bank included in the 2025 Global Top 100 rankings



The Drum Awards Festival 2025

International recognition for creative and communications excellence



Best Performing Bank in SHG-Bank Linkage during FY 2024-25*

Private Sector Banks Category (Awarded by Ministry of Rural Development (MoRD) in Hyderabad, February 2026)

*Includes awards received during the year in recognition of performance relating to the previous financial year.

Board of Directors



Elias George*
Part-time Chairman and Independent Director

C C M



Siddhartha Sengupta
Independent Director

C C M M



Manoj Fadnis
Independent Director

C M M M M



Ramanand Mundkur
Independent Director

C C M M M M M



Krishnan Venkat Subramanian
Managing Director and Chief Executive Officer

C M M M M M M M



Sudarshan Sen
Independent Director

C M M M M



Varsha Purandare
Independent Director

C M M



Sankarshan Basu
Independent Director

C M M M



Harsh Dugar
Executive Director

M M M M



Venkatraman Venkateswaran**
Executive Director

M M M

(C) Chairman (M) Member

- ACB- Audit Committee of the Board
- CIRCC- Credit, Investment and Raising Capital Committee
- RMCB- Risk Management Committee of the Board
- NRC- Nomination, Remuneration, Ethics and Compensation Committee
- CSC - Customer Service Committee
- SCBMF- Special Committee of the Board for Monitoring and follow up of cases of Frauds
- IT & OPS – Information Technology and Operations Committee
- CSR- Corporate Social Responsibility Committee
- SRC –Stakeholders Relationship Committee
- HRC – Human Resources Committee of the Board
- RCWBD- Review Committee of the Board on Identification of Willful Defaulters

*Part-time Chairman of the Bank w.e.f 23.05.2026

**Executive Director of the Bank with effect from 10.07.2025 and relieved from the role of CFO w.e.f. the close of business hours on 30.04.2026

Note: Committee membership and chairmanship positions indicated above are as on March 31, 2026.

Governance at a Glance

Our governance framework combines executive accountability with robust independent oversight. Non-Executive Independent Directors constitute 70% of the Board, ensuring balanced decision-making and effective supervision. The Board and its Committees maintain strong independent representation, providing objective oversight across the Bank's key governance, risk management, compliance, stakeholder and strategic oversight functions.

Board Composition

10
Board Members

11
Board Committees

96.33%
Board and Committee Meeting Attendance

30%
Executive Directors

70%
Non-Executive and Independent Directors

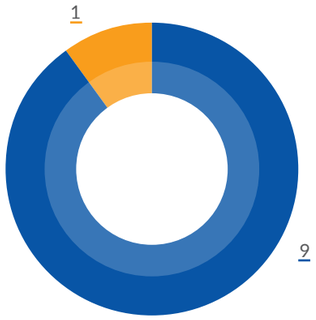
5 Years
Average Tenure of the Board

Diversity and Experience

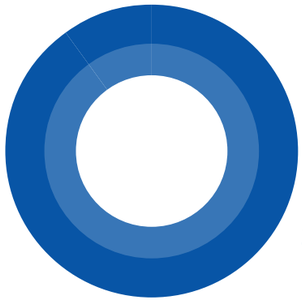
The Board brings together a broad spectrum of expertise, perspectives and experience, enabling informed decision-making and robust governance. Regular reviews of Board composition ensure continued alignment with the Bank's strategic priorities, governance standards and regulatory expectations.

Board Diversity by

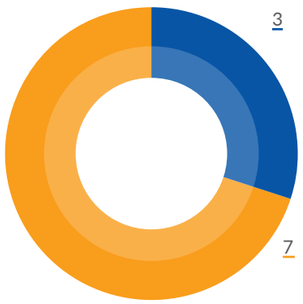
Gender



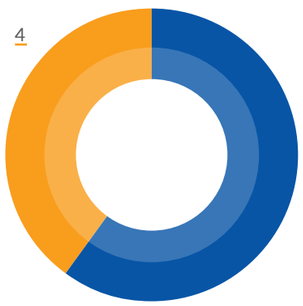
Nationality



Age



Board Tenure Profile



Independent Oversight Across Board Committees

Independent Directors have significant representation across the Board Committees, ensuring objective oversight, effective governance and balanced decision-making in line with regulatory requirements and committee mandates. Independent representation across committees ranges from 33% to 100%, with certain committees comprising entirely Independent Directors, reinforcing strong governance and robust oversight across the Bank's key areas of responsibility.

Independent Director Representation

Audit Committee of the Board: 100%	Review Committee of the Board on Identification of Wilful Defaulters: 67%	Human Resources Committee of the Board: 50%
Nomination, Remuneration, Ethics and Compensation Committee: 100%	Special Committee of the Board for Monitoring and follow up of cases of Frauds: 60%	Stakeholders Relationship Committee: 33%
Risk Management Committee of the Board: 75%	Customer Service Committee: 60%	Corporate Social Responsibility Committee: 33%
Credit, Investment and Raising Capital Committee: 67%	Information Technology and Operations Committee: 60%	

Note: The Independent Director representation in the committees indicated above is as on March 31, 2026.

Board Oversight and Capability

The Board and its Committees discharge their responsibilities in accordance with their respective terms of reference and applicable regulatory requirements. Details of Board Committees, meetings held during the year, attendance of Directors and familiarisation programmes for Independent Directors are provided in the Corporate Governance Report forming part of this Integrated Annual Report.

Managing Conflicts of Interest

The Bank maintains a robust framework for identifying, assessing and managing potential conflicts of interest. Directors and Senior Management Personnel provide periodic disclosures, ensuring transparency and adherence to the highest standards of governance. Relevant disclosures are provided under Section C: Principle 1 of the BRSR, including mechanisms relating to conflicts of interest.

Ethical Governance Practices

The Bank does not maintain cross-shareholding arrangements with suppliers or other stakeholders. Related-party transactions are undertaken in accordance with applicable laws and are disclosed in the relevant sections of the financial statements.

Management Team



K V S Manian
Managing Director &
Chief Executive Officer



Harsh Dugar
Executive Director



Venkatraman Venkateswaran*
Executive Director &
Chief Financial Officer



Virat Sunil Diwanji
Group President & National
Head - Consumer Banking



Divakar Dixit
Group President &
Chief Credit Officer



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



Sanjesh Kumar
Group President &
Chief Internal Auditor



Kapil Bhatia
Group President &
Country Head - Corporate &
Institutional Banking



Lakshmanan V
Group President & Head -
Treasury (Treasurer)



Sunil Kumar K N
Group President &
Chief Compliance Officer



Kuriakose Conil**
Executive Vice President &
Head - CAD, CRMD &
Remedial Management



Eqbal Manoj
Executive Vice President &
Head - Branch Banking



Damodaran C
Executive Vice President
& Chief Risk Officer



Rajanarayanan N
Executive Vice President &
Chief Human Resources Officer



Indraneel Ajitkumar Pandit
Executive Vice President &
Chief Digital Officer



Joy P V
Executive Vice President &
Country Head - Retail Liability &
Fee Products



Samir Pravinbhai Rajdev
Executive Vice President &
Company Secretary



Chitrabhanu K G
Executive Vice President &
Country Head -Agri,
Micro & Rural Banking



Mahesh R
Executive Vice President &
Country Head- Loan
Collection & Recovery



Jimson Cherian
Executive Vice President &
Head - Credit (CB, BUB,
CV/CE & Agri)



Biju K
Executive Vice President &
Chief Data Protection Officer



Predeep K
Executive Vice President &
Country Head - Commercial
Banking



Nitin Jalan
Executive Vice President &
Head- Credit (CIB)



M V S Murthy
Executive Vice President &
Chief Marketing Officer



Virendra Somwanshi
Executive Vice President &
Country Head - Wealth
Management & Bancassurance



Srinivasan P
Executive Vice President &
Head - New Economy &
Global Clients Group



Bincy Cherian
Senior Vice President -
Chief of Internal Vigilance &
Head - Fraud Risk Management



Manikandan M***
Vice President &
Chief Financial Officer

*Executive Director of the Bank with effect from 10.07.2025 and relieved from the role of Chief Financial Officer w.e.f. the close of business hours on 30.04.2026

** Relieved from the services of the Bank on 31-03-2026

***Chief Financial Officer of the Bank with effect from 01.05.2026

No single capital operates independently within Federal Bank's business model. Decisions that consume one form of capital frequently create, preserve or protect another, often over different time horizons and across different stakeholder groups.

The six capitals framework, comprising Financial, Manufactured, Intellectual, Human, Social and Relationship and Natural Capital, provides management with a structured lens for evaluating these interactions and forms an integral part of capital allocation decisions across the Bank. Discipline in these decisions shapes the quality of growth, while the cumulative impact of these choices contributes to sustained momentum across the franchise.

Stakeholder Engagement and Materiality Assessment



Customers influence product decisions and distribution models. Regulators influence governance frameworks and control environments. Investors influence capital allocation decisions and balance sheet priorities. Employees influence capability requirements and operating models. Developments in technology, regulation, customer behaviour and the broader economy shape these relationships simultaneously.

Our approach therefore extends beyond stakeholder engagement as a reporting exercise. Inputs obtained through customer interactions, investor discussions, employee dialogue, regulatory engagement and industry participation form part of business planning, risk assessments and management deliberations across the Bank. Material matters emerge from these interactions alongside assessments of developments in the operating environment and their implications for earnings quality, growth opportunities, capital deployment and franchise resilience.

Our comprehensive materiality assessment was undertaken in FY 2024-25 in accordance with the GRI Standards and the BRSR framework. Comprehensive assessments are undertaken every two to three years, with the material topics reviewed annually to assess their continued relevance in light of changes in stakeholder expectations, the operating environment, regulatory developments and the Bank's business priorities. The annual review completed during FY 2025-26 confirmed that the material topics identified in FY 2024-25 remain relevant for this Report.

HOW WE DETERMINE WHAT MATTERS

Stakeholder Identification

Identification of stakeholder groups capable of influencing or being influenced by the Bank's activities, decisions and long-term value creation process.

Benchmarking and Topic Shortlisting

Review of regulatory developments, industry trends, peer disclosures, reporting frameworks and emerging business considerations to identify relevant topics for assessment.

Stakeholder Survey

Engagement with internal and external stakeholders to understand expectations, priorities and perspectives across the identified topics.

Scoring and Evaluation

Assessment of topics based on their potential influence on business performance, stakeholder decision-making, risk profile and long-term value creation.

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 Engagement and Materiality Assessment (Continued)

Stakeholder Insights and Management Response

Shareholders and Investors

Key Considerations

Earnings composition, balance sheet productivity, capital deployment, governance standards and return profile.

Management Response

Focus on liability quality, portfolio composition, fee income contribution and governance oversight across businesses and functions.

Customers

Key Considerations

Service quality, turnaround times, digital convenience, product relevance and relationship depth.

Management Response

Investments across digital capabilities, product propositions, servicing models and distribution channels.

Employees

Key Considerations

Capability development, career progression, workplace experience and organisational culture.

Management Response

Investments in learning programmes, leadership development and specialised capability creation across businesses and support functions.

Vendors and Service Providers

Key Considerations

Service continuity, operating efficiency, technology integration and long-term business relationships.

Management Response

Engagement frameworks, performance reviews and operating models across partner relationships.

Ecosystem and Society

Key Considerations

Financial inclusion, access to banking services and participation in economic development.

Management Response

Expansion of financial inclusion initiatives, community programmes and responsible banking activities.

Government and Regulatory Bodies

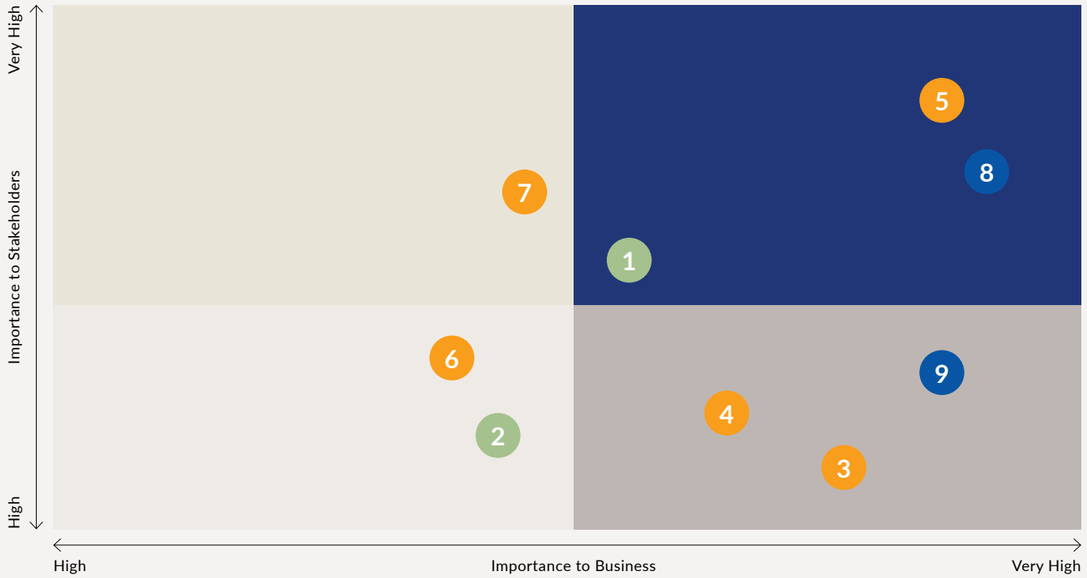
Key Considerations

Financial stability, customer protection, governance standards and regulatory compliance.

Management Response

Governance oversight, assurance activities and control environments across the Bank.

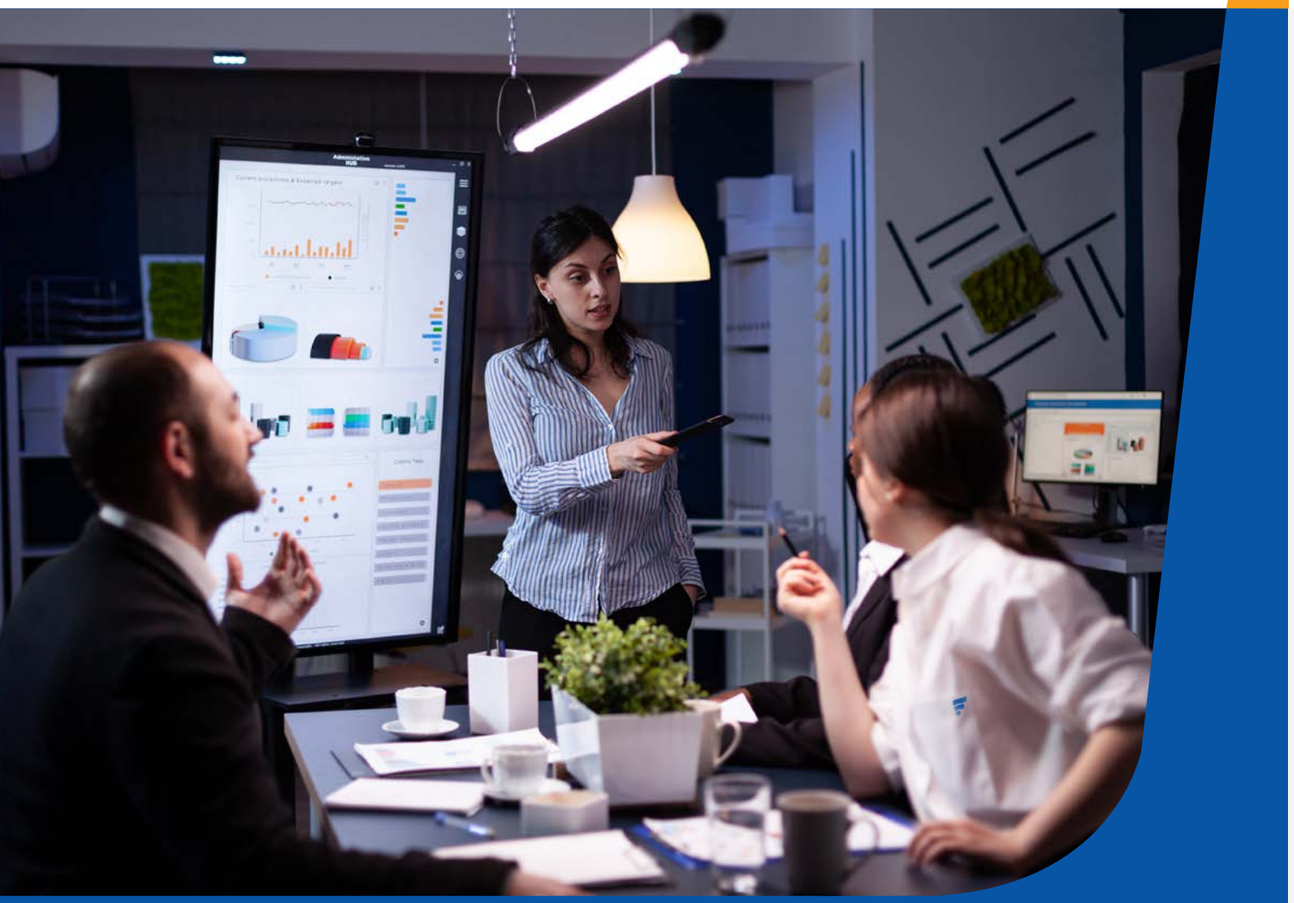
Federal Bank's Materiality Matrix



Material Matters and Strategic Linkages

		Material Matter	Strategic Relevance	Report Linkage
ENVIRONMENT	1	Product Innovation with ESG Impact / Sustainable Finance	Financing requirements across customer sectors are evolving alongside policy developments and investment patterns.	Strategy, Financial Capital, Natural Capital
	2	Climate Change	Physical and transition considerations are becoming relevant across sectors, portfolios and financing activities.	Risk Management, Natural Capital
SOCIAL	3	Human Capital Management	Business growth requires specialised capabilities across businesses, technology and assurance functions.	Human Capital
	4	Digital Transformation	Customer acquisition, servicing and operating models increasingly depend on digital capabilities and platform resilience.	Strategy, Intellectual Capital
	5	Customer Relationship Management	Relationship depth influences participation across products and services throughout customer life cycles.	Strategy, Intellectual Capital
	6	Community Development	Economic participation influences franchise relevance across markets and communities.	Social and Relationship Capital
	7	Financial Inclusion	Access to banking services expands participation across underserved customer segments and geographies.	Social and Relationship Capital
GOVERNANCE	8	Governance, Business Ethics, Transparency and Reporting	Governance standards influence institutional credibility and stakeholder confidence.	Governance, Intellectual Capital
	9	Risk and Crisis Management	Operating resilience and business continuity remain central to banking activities.	Risk Management, Strategic Capital Trade-offs

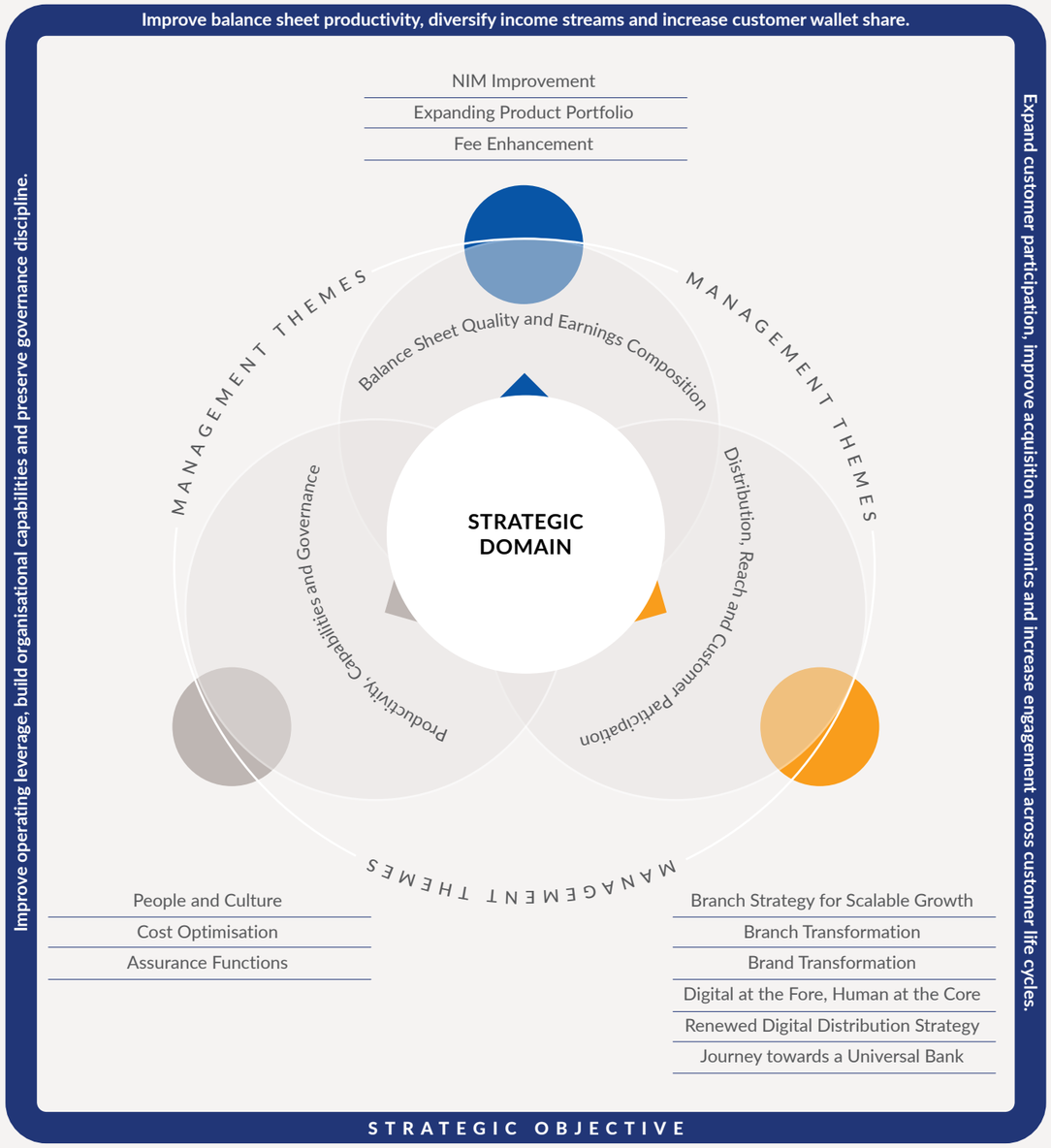
Our Strategic Agenda



Crossing the milestone of ₹5 Lakh Crore in Total Business marked an important stage in the Bank's evolution. It's a scale that altered the economics of distribution, liabilities, portfolio composition and operating models across the franchise. Decisions relating to liabilities, asset mix, customer acquisition and technology investments therefore assumed greater importance in shaping returns and resource allocation across businesses.

Execution during the year revolved around twelve management themes spanning balance sheet management, distribution, technology, people and governance. These themes informed decisions across businesses and functions as the Bank pursued disciplined growth with sustained momentum across the franchise.

Our Strategic Agenda



Our Strategic Agenda (Continued)

Strategy in Action

Liability Franchise

FY 2025-26 Progress

CASA balances crossed **₹1 Lakh Crore** for the first time in the **Bank's history.**

NRI Franchise

FY 2025-26 Progress

NR Deposits crossed **₹1 Lakh Crore** alongside gains in **remittance market share.**

Secured Retail Assets

FY 2025-26 Progress

Gold loan business recorded growth of **26%** during the year.

Commercial Banking

FY 2025-26 Progress

Commercial Banking remained among the **fastest-growing businesses** within the **portfolio.**

Wealth Management

FY 2025-26 Progress

FedWealth marked the Bank's entry into **Wealth Management** as a dedicated **business vertical.**

Digital Distribution

FY 2025-26 Progress

Resident savings account acquisition through **digital channels** increased by more than **50%** during the year.

Distribution Expansion

FY 2025-26 Progress

The Bank added **51 banking outlets** across identified growth markets.

Operating Productivity

FY 2025-26 Progress

Operation Udaan redesigned branch operating models and centralised processing-intensive activities.

CV/CE Financing

FY 2025-26 Progress

CV/CE scaled to ₹5,797 Crore AUM with 25% YoY growth and ₹3,000 Crore disbursements, powering the Bank's growth momentum.

The next phase of the Bank's journey will require higher levels of productivity from capital, distribution and operating capabilities than in the past. Customer participation across products and services, diversification of earnings streams, productivity improvements and disciplined capital deployment are expected to shape the quality of growth over the coming years. The strategic choices being pursued today are intended to influence not merely the scale of the franchise, but also its earnings characteristics, resilience and capacity to participate across a wider range of customer financial needs.



Growth Through Risk Discipline



Risk participation forms part of every banking decision. Customer selection, portfolio composition, funding strategies, treasury activities, technology investments and capital deployment all involve choices regarding the risks we assume and the returns we seek to generate. Our objective is to participate in risks that remain aligned with our business model, capital position and earnings profile across economic cycles.

Risk considerations therefore form part of business decisions rather than activities performed after them. Portfolio choices influence capital consumption and earnings quality. Funding decisions influence liquidity and balance sheet flexibility. Investments in technology and digital capabilities influence operational resilience and cyber exposure. These interactions shape the way risk is assessed, monitored and governed across the Bank. Oversight is provided through Board-approved risk appetite statements, governance structures, independent challenge mechanisms, stress testing and scenario analysis across the Bank.

Principal Risks and Strategic Linkages

Principal Risk	Strategic Relevance	Management Focus
Economic Risk	Economic cycles, interest rates and geopolitical developments influence customer activity, sector outlooks and portfolio performance.	▸ Monitor macroeconomic indicators and sector trends. ▸ Conduct stress testing and scenario analysis. ▸ Maintain diversification across sectors and customer segments.
Credit Risk	Asset quality influences earnings stability, capital consumption and long-term shareholder returns.	▸ Maintain underwriting discipline across portfolios. ▸ Deploy early warning indicators and behavioural analytics. ▸ Review concentration exposures periodically.
Market and Liquidity Risk	Funding conditions and interest rate movements influence margins, liquidity and balance sheet flexibility.	▸ Monitor liquidity buffers and funding concentrations. ▸ Manage interest rate sensitivity through ALM frameworks. ▸ Conduct liquidity stress testing under multiple scenarios.
Operational Risk	Process failures, system disruptions and external dependencies can affect service delivery and financial outcomes.	▸ Monitor Key Risk Indicators and loss events. ▸ Conduct Risk and Control Self-Assessments. ▸ Review critical processes and outsourcing arrangements.
Business Continuity Risk	Disruptions to critical operations can affect customer service, transactions and operational availability.	▸ Maintain Business Continuity and Disaster Recovery frameworks. ▸ Conduct periodic testing and simulation exercises. ▸ Maintain redundancy across critical infrastructure.
Information Security and Cybersecurity Risk	Digital adoption and interconnected systems increase exposure to cyber threats, fraud and data compromise risks.	▸ Maintain continuous threat monitoring capabilities. ▸ Conduct vulnerability assessments and penetration testing. ▸ Deploy layered authentication and access controls.
Compliance Risk	Regulatory developments influence products, operating processes and customer interactions across businesses.	▸ Monitor regulatory developments continuously. ▸ Conduct compliance reviews across businesses and functions. ▸ Deliver conduct and regulatory training programmes.
Climate Risk	Physical and transition risks can influence customer sectors, collateral values and portfolio behaviour over time.	▸ Monitor exposures across sensitive sectors. ▸ Incorporate environmental considerations into portfolio reviews. ▸ Track regulatory and market developments relating to climate risk.

Growth Through Risk Discipline (Continued)

Emerging Risk Landscape

The operating environment continues to introduce new forms of risk that extend beyond traditional banking categories.

Emerging Development

Artificial Intelligence and Model Adoption

Potential Implications

Governance, explainability and accountability requirements for automated decisions.

Emerging Development

Digital Fraud and Financial Crime

Potential Implications

Evolving fraud patterns across digital channels and payment infrastructure.

Emerging Development

Data Privacy and Digital Regulation

Potential Implications

Changes in customer data management and regulatory expectations.

Emerging Development

Third-party Technology Dependencies

Potential Implications

Concentration risks arising from external technology and service providers.

Emerging Development

Climate Transition and Evolving Sector Economics

Potential Implications

Changing financing requirements and sector credit characteristics.

Emerging Development

Geopolitical Developments and Trade Fragmentation

Potential Implications

Sector outlook changes and volatility across customer businesses.

The nature of risk continues to evolve alongside changes in technology, regulation, customer behaviour and the broader operating environment. We recognise that emerging risks require timely assessment and informed management judgement, particularly where they have the potential to influence our customers, business model and long-term performance.

We integrate emerging risk considerations into our governance, strategic planning and enterprise risk management processes to support informed decision-making across the Bank. Our approach combines continuous monitoring, scenario analysis, technology investments and periodic review of risk frameworks, allowing us to respond to new developments while preserving portfolio quality, operational resilience and the confidence of our stakeholders.

Detailed information relating to the Bank's risk governance framework, risk management practices, capital adequacy, exposure management and regulatory disclosures is provided in the Basel III – Pillar 3 Disclosures section of this Integrated Annual Report Page 422.

Federal Bank



Family Banking

This enables you to provide Celesta banking experience to your family members as well.

The benefits of this program are: An option to add up to 4 family members for a Celesta experience that provides Premium Celesta Debit Card, Airport Lounge Access Program, Concierge Program, Insurance Benefits, Relationship Manager Support, Account linked Concessions & much more. Share all the privileges with your family too.

Wealth Management Services

Anchored in a Client Centric Framework, our seasoned team of experts leverages a disciplined Product Research Framework to curate solutions for you..

Our products

Mutual Funds	Equity	Managed Products	Alternate Strategies

Backed by our strong publications

Daily Market Pulse	Fedwealth Weekly	Product Deck	One pager/ Factsheets	Product Note	Event Edge: Markets

Enabled by a superior technology platform, we deliver insight driven decisions, seamless execution, and a refined wealth management experience.

Right portfolio analysis	Net worth tracking	Transparent performance tracking	Expert-backed insights	Seamless SIP & Lumpsum investments

CELESTA

Click here or scan the QR code to know more about Celesta and its suite of offerings.

Strategic Capital Trade-offs



Every business decision within a banking institution carries implications across multiple forms of capital and over different time horizons. Investments in customer acquisition influence funding profiles and operating capacity. Technology investments affect productivity, service delivery and future cost structures. Lending decisions alter portfolio composition, risk participation and capital consumption. Similarly, investments in people, distribution and sustainability initiatives shape future earnings capacity while influencing current period returns.

We therefore evaluate major decisions through an integrated capital lens that considers implications across Financial, Manufactured, Intellectual, Human, Social & Relationship and Natural Capital. This approach provides management with a broader perspective on capital deployment decisions and assists in balancing growth opportunities, resilience and long-term franchise value.

Management of Capital Trade-Offs

1 Growth Opportunities vs Portfolio Quality

Commercial Banking expansion and participation in emerging opportunities

Trade-off Considered

Higher growth opportunities can carry higher capital requirements and different risk characteristics compared to secured retail lending and traditional products.

Management Approach

Participation is aligned with customer quality, sector outlook, underwriting standards and expected returns across operating cycles.

Capitals Involved

2 Liability Growth vs Margin Preservation

Growth in deposits and transaction banking relationships

Trade-off Considered

Liability growth is pursued through relationship banking, NRI banking and transaction banking franchises rather than pricing actions alone.

Management Approach

Capital deployment is prioritised around customer journeys, transaction intensity and operating processes where productivity gains justify investment levels.

Capitals Involved

3 Present Earnings vs Future Capabilities

Investments in specialist talent, wealth management capabilities and new business opportunities

Trade-off Considered

Investments in future capabilities influence current period profitability while contributing to future earnings streams and customer relationships.

Management Approach

Decisions are evaluated across multiple operating cycles with consideration given to income diversification, customer outcomes and capability requirements.

Capitals Involved

4 Sustainability Opportunities vs Portfolio Concentration

Participation in green financing and transition opportunities

Trade-off Considered

Emerging sectors provide growth opportunities while introducing new portfolio and concentration considerations.

Management Approach

Participation is aligned with portfolio diversification objectives, sector limits and established underwriting frameworks.

Capitals Involved

5 Physical Presence vs Digital Reach

Investments across branches, relationship teams and digital channels

Trade-off Considered

Different customer segments engage through different channels, each carrying different operating and capital implications.

Management Approach

Distribution decisions are evaluated based on customer behaviour, market potential, transaction intensity and relationship depth.

Capitals Involved

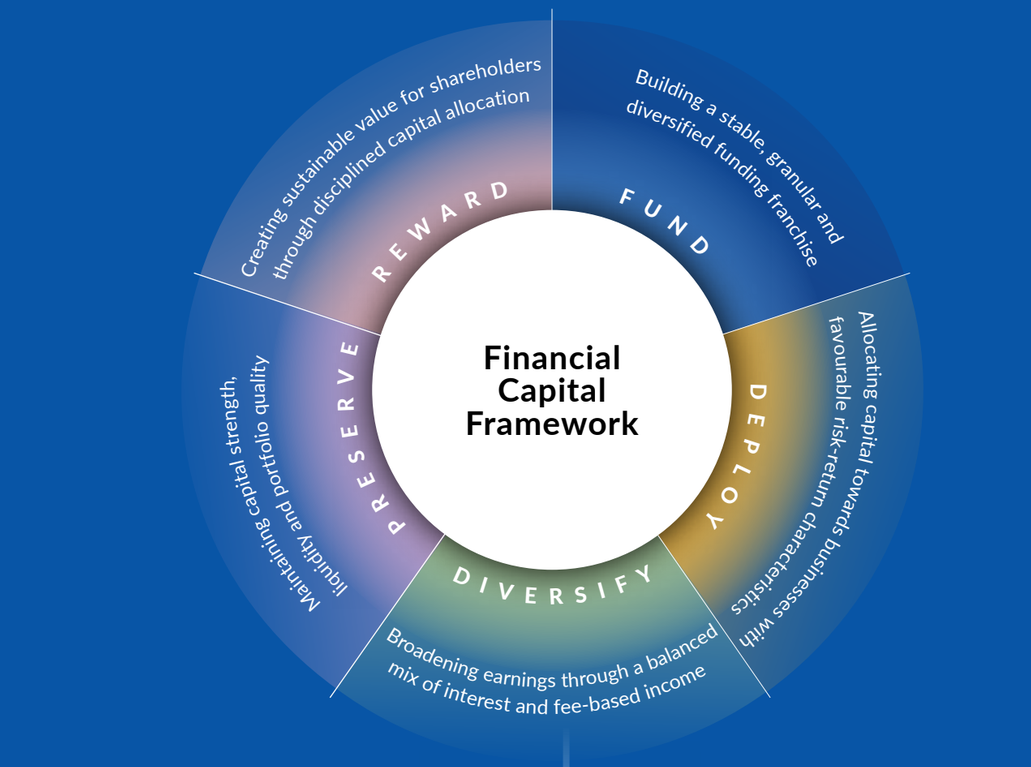
Financial Capital | Manufactured Capital | Intellectual Capital | Human Capital | Social and Relationship Capital | Natural Capital



Financial Capital

Growth is easy to celebrate. The quality of that growth is often harder to assess. FY 2025-26 marked an important year in the evolution of our balance sheet. Total business approached ₹5.8 Lakh Crore. CASA balances crossed ₹1 Lakh Crore. NR Deposits surpassed ₹1 Lakh Crore. These milestones were achieved during a period when deposit mobilisation became more competitive and customers increasingly diversified their savings across asset classes.

Growth, however, was only part of the story. Greater emphasis was placed on the composition of funding, the mix of advances and the sources of earnings. Commercial Banking, Gold Loans, Agriculture and Loan Against Property increased their contribution to the portfolio. Fee income reached record levels and fee-to-assets touched 1% for the first time. High Standards of credit underwriting reflected in pristine asset quality. Gross NPA declined to 1.62%, Net NPA to 0.20% and capital adequacy stood at 17.25%. A larger balance sheet matters. A more productive balance sheet matters more. FY 2025-26 delivered both.



Material Matters Included

1. Product Innovation with ESG Impact / Sustainable Finance
9. Risk and Crisis Management

Contribution to SDGs

OUTCOME

₹70,118 Crore
Retail Advances

₹20,196 Crore
Business Banking Advances

₹38,401 Crore
Gold Loans

₹4,360 Crore
Micro Loans

Financial Capital (Continued)

How We Managed Financial Capital in FY 2025-26

Funding Franchise

Crossing the ₹1 Lakh Crore mark in both CASA and NR deposits was a significant milestone for our liability franchise. CASA balances increased to ₹1,03,390 Crore; average CASA reached ₹92,889 Crore and the CASA ratio improved to 32.94%. NR Deposits grew to ₹1,02,620 Crore, reflecting the scale and reach of our long-standing NRI franchise.

These milestones carry significance beyond growth in deposits. The composition of liabilities influences funding flexibility, margin resilience and the ability to pursue growth across lending businesses. NRI deposits remain a distinguishing feature of our franchise, providing access to a diversified depositor base across geographies. Total deposits stood at ₹3,13,909 Crore, supporting business growth while preserving balance sheet stability.



CASA
(₹ Crore)

20.56% YoY

March 31, 2026	1,03,390
March 31, 2025	85,757

CASA Ratio
(%)

+271 bps YoY

March 31, 2026	32.94
March 31, 2025	30.23

NR Deposits
(₹ Crore)

13.23% YoY

March 31, 2026	1,02,620
March 31, 2025	90,631

Total Deposits
(₹ Crore)

10.67% YoY

March 31, 2026	3,13,909
March 31, 2025	2,83,647

Capital Deployment

Growth in advances was accompanied by a deliberate shift in portfolio composition. The share of low-yielding advances reduced by 240 basis points, while medium-yielding advances increased by an equivalent amount. This change improved the earnings profile of the portfolio without altering our approach to risk.

Commercial Banking expanded by 26%, Gold Loans by 26% and Commercial Vehicle & Construction Equipment Finance by 25%. Agriculture and allied activities, Microfinance and Loan Against Property also recorded growth. Net advances increased to ₹2,64,594 Crore and customer assets* reached ₹2,72,532 Crore. The significance lies not only in the scale of growth, but in where capital was deployed and the returns expected from those businesses.

Customer Assets
(₹ Crore)

10.07% YoY

March 31, 2026	2,72,532
March 31, 2025	2,47,605

Net Advances
(₹ Crore)

12.67% YoY

March 31, 2026	2,64,594
March 31, 2025	2,34,836

Total Business
(₹ Crore)

11.58% YoY

March 31, 2026	5,78,504
March 31, 2025	5,18,484

*Customer Assets includes Credit Substitutes and excludes IBPC/ BRDS

Commercial Vehicle (CV) and Construction Equipment (CE) Financing

The CV/CE portfolio recorded 25% YoY growth to ₹5,797 crore, with annual disbursements exceeding ₹3,000 crore. The customer base grew 27% to 31.7K accounts, while 82% of the portfolio qualifies as MSME lending, extending credit to entrepreneurs, transporters and contractors. Asset quality witnessed notable improvement during the year, with fresh NPA levels declining due to disciplined portfolio management and strengthened collection and recovery mechanisms.

₹5,797 Crore
CV/CE portfolio (25% YoY growth)

₹3,000 Crore+
Annual disbursements

82%
Portfolio qualifying as MSME lending

31.7K Accounts
Customer base (27% YoY growth)

Earnings Profile

Interest income remains the foundation of banking profitability. Its quality, however, is increasingly influenced by the breadth of supporting revenue streams. Fee income reached a record ₹3,559 Crore and the fee-to-assets ratio touched 1% for the first time. Growth was supported by an expanding suite of products and propositions, including Insurance, Wealth Management, AgriNxt, FACE, Smart OD, Purchase Order Financing and specialised business banking offerings. Net Interest Income increased to ₹10,657 Crore, while Operating Profit reached ₹7,206 Crore. A broader earnings base provides greater stability when credit cycles, interest rates or market conditions begin to shift.

Net Interest Income
(₹ Crore)

12.56% YoY

FY 2025-26	10,657
FY 2024-25	9,468

Fee Income
(₹ Crore)

18.87% YoY

FY 2025-26	3,559
FY 2024-25	2,994

Fee-to-Assets Ratio
(%)

+9 bps YoY

FY 2025-26	1.00
FY 2024-25	0.91

Operating Profit
(₹ Crore)

18.11% YoY

FY 2025-26	7,206
FY 2024-25	6,101

Net Profit
(₹ Crore)

1.61% YoY

FY 2025-26	4,117
FY 2024-25	4,052

Financial Resilience

Asset quality, capital strength and provisioning discipline remain central to financial resilience. Gross NPA declined to 1.62% and Net NPA reduced to 0.20%, representing the strongest asset quality indicators in recent years. Provision Coverage Ratio (excluding TWO) improved to 87.07%, supported by additional provisioning buffers. Capital Adequacy Ratio stood at 17.25%, providing capacity for future growth while maintaining prudent safeguards against uncertainty. Enhancements to monitoring frameworks, including the Early Warning Signal architecture and dedicated analytics capabilities, added greater visibility across portfolios.

17.25%
Capital Adequacy Ratio

1.62%
Gross NPA

0.20%
Net NPA

87.07%
Provision Coverage Ratio*

*Excluding Technical Write-offs

0.90%
Slippage Ratio

73 bps
Credit Cost

Financial Capital (Continued)

Maximising Shareholder Value

Financial Capital finds its ultimate expression in the value created for shareholders. Shareholder value is created through the consistent growth of earnings, net worth and distributable profits. These indicators provide a direct measure of how effectively capital is being deployed across the franchise.

Earnings per share increased to ₹16.74, while book value per share rose to ₹157. Growth in profitability, coupled with the expansion of the balance sheet, contributed to a higher net worth and strengthened the Bank's capacity to pursue future opportunities. The Board recommended a final dividend of 60%, maintaining a balance between shareholder returns and the capital requirements of a growing franchise.

₹16.74
Earnings Per Share

₹157
Book Value Per Share

60%
Proposed Final Dividend

Our approach to capital allocation balances growth, returns and resilience. Capital is deployed across businesses with due regard to profitability, risk and long-term value creation. This discipline assumes greater importance in an environment where growth opportunities, funding costs and capital requirements do not always move in the same direction. The objective is to generate sustainable returns while preserving the financial strength required to support future growth.

Direct Economic Value Generated and Distributed (EVG&D)

(in ₹ Crore if not stated separately)

	FY 2026	FY 2025
Direct Economic Value Generated	**32,135.76**	**30,166.50**
Revenues	32,135.76	30,166.50
Economic Value Distributed	**26,314.90**	**25,644.46**
Operating costs [other than employee wages & benefits]	4,572.71	4,004.34
Employee wages & benefits	3,225.40	3,088.28
Payments to provider of capital [dividends to all shareholders, plus interest payments made to providers of loans]	17,333.01	17,191.26
Payments to Government	1,090.29	1,285.09
Community investments	93.49	75.49
Economic value retained	**5,658.94**	**4,522.04**

Contribution to the exchequer

(in ₹ Crore if not stated separately)

	FY 2026	FY 2025
A. CONTRIBUTION TO CENTRAL EXCHEQUER		
Corporate/Income Tax	1,090.29	1,285.09
IGST	485.10	528.34
CGST	382.24	236.83
Sub Total (A)	**1,957.63**	**2,050.26**
B. CONTRIBUTION TO STATE EXCHEQUER		
SGST/UTGST (B)	**382.24**	**236.83**
Grand Total (A+B)	**2,339.87**	**2,287.09**

Approach to Tax

The Bank's Tax Compliance Policy, approved by the Board of Directors, sets out the framework for ensuring compliance with applicable tax laws and regulations. The Policy was reviewed by the Audit Committee during the year and is available on the Bank's website.

Oversight of the implementation of the Policy rests with the Board of Directors and the Audit Committee, with operational responsibility delegated to designated executives, including the Managing Director, Chief Financial Officer and Head Taxation, as appropriate.

In line with the provisions of the Policy, the Tax Compliance Policy will be subject to an annual review by the Competent Authority commencing from FY 2026-27.

Our approach to regulatory compliance includes understanding the regulatory environment, developing tax-related policies and procedures, training and awareness, monitoring and auditing, and collaboration with tax regulators. Our approach to tax is embedded within our overall business strategy and operations and includes tax transparency, tax risk management and tax compliance.

Tax Governance, Control and Risk Management

The Bank has established a Tax Risk Management System that defines the framework within which we manage our tax matters, including risk identification, risk management and risk monitoring. Our Tax Compliance Policy covers effective tax governance and control framework to aid tax risk management and compliance with applicable tax laws and regulations, including tax planning, internal controls, procedures for managing tax risks, as well as our approach to resolving tax disputes and handling audits.

We are committed to complying with all applicable tax laws and regulations and expect employees to act with integrity. Employees may report concerns relating to tax compliance anonymously through the Bank's whistle-blower reporting system without fear of retaliation. Details of the Whistle-blower Policy are available on the Bank's website.

Stakeholder Engagement and Management of Concerns Related to Tax

We work collaboratively with tax authorities in the geographies where we operate. This includes regular communication, participation in tax authority consultations and working groups, and timely and accurate disclosure of information to tax authorities

We address generic concerns relating to tax transparently and, where necessary, take them up with bodies such as the Indian Banks' Association for guidance and support. Stakeholders may direct inquiries relating to implementation of the Tax Compliance Policy to their respective tax team line managers. Queries not resolved within a reasonable timeframe may be escalated to the Head Taxation or the Chief Financial Officer.

Country-by-Country Reporting

Although, we are not currently subject to country-by-country reporting requirements, we maintain transparent communication with tax authorities and provide the information requested by them in a timely and accurate manner.

Supply Chain Finance (SCF) Book Growth

Excluding Factoring
(₹ Crore)

38.89% YoY

March 31, 2026	4,911
March 31, 2025	3,536

Including Factoring
(₹ Crore)

27.58% YoY

March 31, 2026	9,317
March 31, 2025	7,303

₹9,317 Crore
Supply Chain Finance (SCF) Book Outstanding as at March 31, 2026

Five-Year Performance Highlights

(in ₹ Crore if not stated separately)

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Net Interest Income	5,962	7,232	8,293	9,468	10,657
Net Total Income	8,051	9,562	11,373	13,269	15,098
Operating Profit	3,758	4,794	5,174	6,101	7,206
Net Profit	1,890	3,011	3,721	4,052	4,117
Net Advances	1,44,928	1,74,447	2,09,403	2,34,836	2,64,594
Total Deposits	1,81,701	2,13,386	2,52,534	2,83,647	3,13,909
Capital Adequacy Ratio (%)	15.77	14.81	16.13	16.40	17.25
Gross NPA (%)	2.80	2.36	2.13	1.84	1.62
Net NPA (%)	0.96	0.69	0.60	0.44	0.20
Provision Coverage Ratio (%)*	65.54	70.02	71.08	75.37	87.07
Earnings Per Share (₹)	9.13	14.27	16.07	16.54	16.74
Book Value Per Share (₹)	88.75	101.22	119.45	134.87	157.00

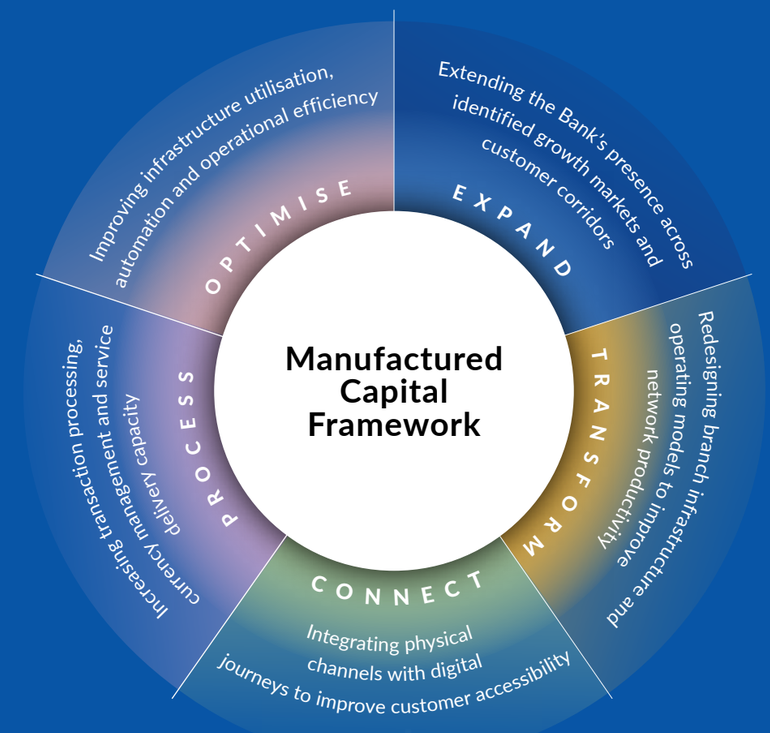
*Provision Coverage Ratio is excluding Technical Write-offs.



Manufactured Capital

For a bank, growth often attracts attention through customer numbers, business volumes and financial performance. Less visible is the infrastructure required to support it. As customer relationships deepen, transaction volumes increase and new markets are added, infrastructure must accommodate higher volumes while maintaining service quality and operational efficiency.

Federal Bank's Manufactured Capital comprises the branch network, service channels, currency management infrastructure and operational backbone through which banking services are delivered. During the year, investments were directed towards expanding the Bank's presence in identified growth markets, redesigning branch operations under Operation Udaan, increasing processing capacity and extending automation across operational processes. These initiatives addressed a common requirement: ensuring that infrastructure capacity and operational productivity keep pace with a larger, more geographically diversified franchise.



Material Matters Included

2. Climate Change
4. Digital Transformation
7. Financial Inclusion
9. Risk and Crisis Management

Contribution to SDGs

OUTCOME

48,143
Soundbox / QR merchant devices deployed

2,112
ATMs / Recyclers

1,640
Banking Outlets (Including Extension counters) Across India

51
New Banking Outlets Added in FY26

Manufactured Capital (Continued)

Branch Network Expansion

We added 51 banking outlets during the year, taking our network to more than 1,640 outlets across the country. As customer acquisition spans both physical and digital channels, branch expansion is no longer a question of presence alone. What matters is where economic activity is concentrated, where customer relationships can be built and where additional capacity is likely to generate business over time.

Maharashtra accounted for 21 additions, followed by Tamil Nadu with nine and Karnataka with eight. Nearly three-fourths of all new openings were concentrated in these markets, where business activity, income generation and customer acquisition opportunities remain strongest. These markets account for a significant share of activity across retail banking, commercial banking, wealth management and NRI banking.

The remaining additions were distributed across seven states, extending our presence across urban, rural and semi-urban markets. Branch expansion remained aligned with applicable Unbanked Rural Centre (URC) requirements while also supporting financial inclusion and banking access across underserved locations. This broadened our reach while maintaining a balanced geographic footprint across the network.

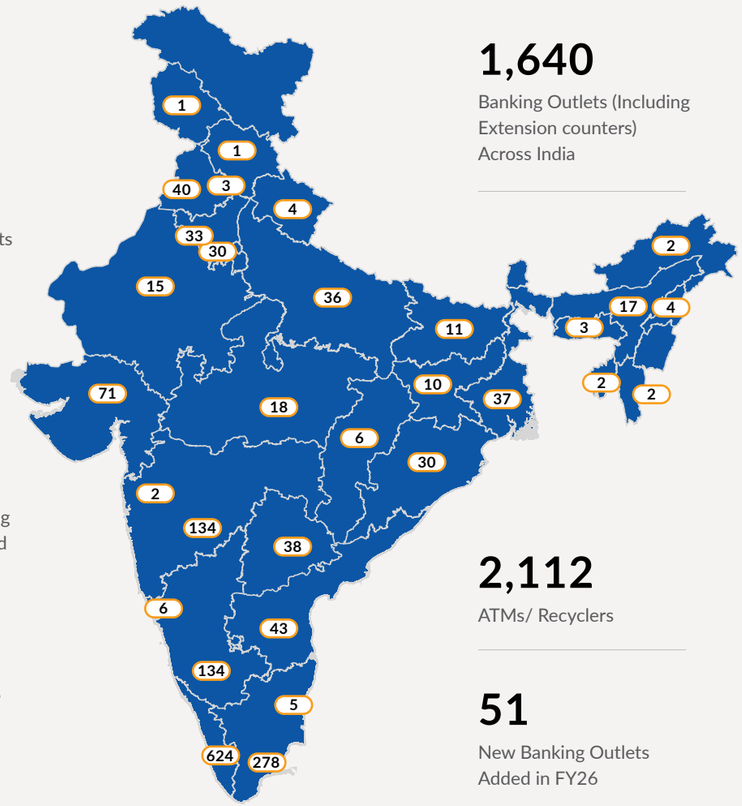
Strategic Focus

Top 8 Cities

Economic activity is concentrated within a limited number of urban markets. The Top 8 Cities programme is built around this reality. These cities account for a growing share of business formation, income generation and wealth creation. A larger presence in these markets places us closer to customer segments generating a larger share of banking demand.

We also adopted a more data-led approach to network planning during the year. Market studies and location analytics help us assess opportunities at a more granular level and direct investments towards locations where business potential is strongest. The aim is simple: deploy infrastructure where opportunities are deepest while maintaining discipline in capital allocation, while continuing to extend banking access across emerging and underserved markets.

In line with our refreshed brand identity, branches across the network have begun transitioning to a renewed look and customer experience. As the network grows, attention extends beyond the number of outlets to how effectively each location supports customer acquisition, service delivery and business growth.



1,640
Banking Outlets (Including Extension counters) Across India

2,112
ATMs/ Recyclers

51
New Banking Outlets Added in FY26

Operation Udaan

Branches tend to accumulate responsibilities over time. Customer servicing, compliance activities, operational processes and business development often compete for the same resources. Operation Udaan addressed that imbalance.

The programme began with Listening Tours, structured workshops and employee engagement sessions across the branch network. Employees participated directly in redesigning the operating model, ensuring that the revised structure was grounded in operational realities across branches, zones and support functions.

The new model transferred processing-intensive activities away from branches. Loan processing, credit hygiene, collections, bulk transfers and a significant share of trade and foreign exchange transactions moved to specialised processing units. Branches retained a more focused mandate centred on Customer Acquisition, Customer Engagement and Customer Servicing.

New roles were introduced and existing roles were realigned to support this approach, including Branch Relationship Heads, Branch Relationship Officers, Relationship Managers and Sales Feet-on-Street. Performance frameworks and sales cadences were aligned to the revised operating model.

The significance of Operation Udaan lies in how branch capacity is utilised. As business volumes increase, productivity becomes as important as physical expansion. The programme addressed that requirement by allowing branch teams to devote a larger share of their time to customer-facing activities.

‘Our Voice, Our Udaan’

Operation Udaan is a co-created transformation, built through extensive and continuous employee consultation across the Bank. Listening Tours spanning branches, zones and support functions, complemented by structured employee surveys, captured frontline perspectives. These insights directly shaped role design, process allocation and performance frameworks, ensuring that the operating model reflects on-ground realities and collective employee voice.

This structured engagement ensured that the operating model was not designed in isolation but evolved from the voices of employees themselves, reflecting on-ground realities and practical needs. The strong participation levels and positive post-implementation feedback reinforce that the model has been widely understood, accepted and owned across the Bank.





Manufactured Capital (Continued)

Digital Enablement at Branches

The distinction between physical and digital banking is becoming less relevant. Branches are now important points of digital adoption, helping customers move seamlessly across service channels. During the year, Digital Genies were introduced in select branches to guide customers through digital journeys at the point of interaction. Digital Banking Ambassadors provided oversight across zones, while the Deflect-to-Digital initiative introduced structured monitoring of adoption rates, active users and transaction migration.

Digital Beacons were deployed across the network to create a more consistent approach to digital adoption. Branch teams also conducted 1,376 micro-marketing activities across ten zones, generating more than 11,000 leads and recording over 2,700 conversions.

During the year, we launched an On-Role Current Account and Savings Account Feet-on-Street vertical. For the first time, CASA acquisition was supported through a dedicated in-house sales structure. These initiatives make branches important points of digital adoption and customer acquisition while preserving their role in relationship management and service delivery.

Currency Management and Back-Office Operations

Cash volumes may fluctuate, but capacity must remain available when required. Over the past two years, Currency Chest storage and processing capacity each increased by 70%. A new Currency Chest was commissioned at Malappuram during the year, extending coverage across northern Kerala. The addition widened cash servicing capacity for branches in the region and reduced surplus cash levels while improving cash circulation across the network, further leading to assets optimisation.

Attention also remained on improving efficiency across operational activities. More than 385 processes were automated during the year through Robotic Process Automation. The scope covers bulk transaction processing, account operations, loan disbursals, compliance workflows and document management activities.

Automation shifts repetitive activities from manual execution to system-driven workflows, improving consistency and reducing operational effort across routine processes. As transaction volumes increase, these efficiencies increase processing capacity without a corresponding increase in operational complexity.

Cost Management

Cost management centred on deriving greater value from existing resources before committing incremental expenditure. During the year, cross-functional working groups were established across key cost centres as part of a structured Cost Optimisation Project. The review covered technology, network infrastructure, procurement, customer rewards and operating expenses across the organisation.

Commercial arrangements were revisited with software vendors, network providers, fintech partners and property landlords. The airport lounge access programme moved to a spend-based model, aligning benefits more closely with customer usage patterns. The rewards framework was also recalibrated using portfolio and transaction data.

Selected contact centre activities migrated towards lower-cost operating models, while lead generation for retail products increasingly shifted towards branch-led acquisition. A partnership with Amazon Business was introduced for stationery procurement. These measures were not one-time interventions. They form part of an ongoing effort to improve operating leverage through better utilisation of existing infrastructure and resources.

A current account at its Prime!





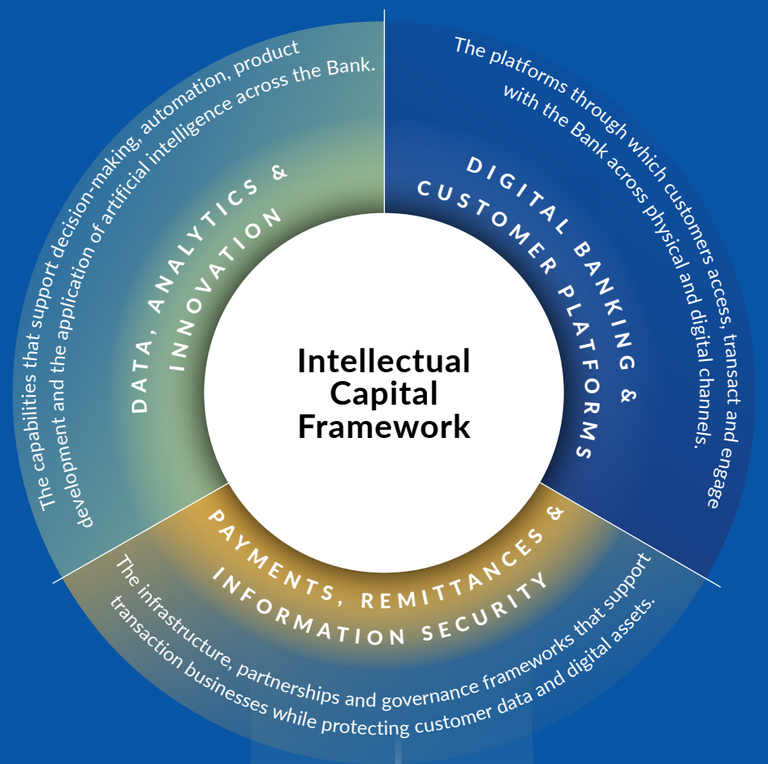
Meet the all-new **Fed Prime**, reimagined for businesses that grow at scale and stay ahead of the curve.



Intellectual Capital

Banking is increasingly conducted through digital channels, but the shift is not simply changing how customers transact. It is changing how banks acquire customers, distribute products, process payments and manage relationships. For Federal Bank, this is particularly visible in businesses such as remittances, cards and digital banking, where growth increasingly depends on the quality of platforms, data and technology capabilities.

Our Intellectual Capital comprises the digital platforms, data assets, technology architecture and institutional knowledge that support these businesses. More than 90% of transaction volumes were processed through digital channels during the year, inward remittances crossed ₹2.75 Lakh Crore, credit cards in force increased to 22.24 Lakh and debit cards to 1.40 Crore. Artificial intelligence and automation found wider application across customer service, underwriting and operations. As transaction volumes rise and customer interactions become more digital, these capabilities are playing a larger role in supporting growth, productivity and service delivery across the Bank.



Material Matters Included

1. Product Innovation with ESG Impact / Sustainable Finance
4. Digital Transformation
5. Customer Relationship Management
8. Governance, Business Ethics, Transparency and Reporting
9. Risk and Crisis Management

Contribution to SDGs

OUTCOME

94%
Transactions through digital channels

93%
Feddy Query Resolution

4.6 ★
FedMobile Rating

385+
Automated processes

400+
APIs in production

Intellectual Capital (Continued)

A Year of Industry Firsts

Several milestones during the year provided evidence of the Bank's growing participation in some of the most significant developments across India's digital banking landscape. Spanning payments, digital currency, interoperability and customer experience, these achievements reflect capabilities built over time and the Bank's ability to translate them into practical applications for customers and businesses. We remained at the forefront of India's digital financial innovation ecosystem through active participation in transformative initiatives such as the e₹ (Central Bank Digital Currency) and the RBI Innovation Hub's Unified Lending Interface (ULI).



First Indian Private Bank

To go live on NPCI's FX Retail platform on both BOU (Biller Operating Unit) and COU (Customer Operating Unit), alongside a PSU Bank

Launched UPI Biometric Authentication

and end-to-end digital execution for Gold Loans

#1 NETC Rank (NPS Ranking)

Top-rated bank in Net Promoter Score among FASTag issuer banks in August 2025

Among the First Five Banks

To go live on NBBL's Internet and Mobile Banking (IBMB) Interoperability platform, launched at the Global Fintech Festival 2025

What Industry-first Means in Practice

Being first on NPCI's FX Retail platform means our customers could access cross-border foreign exchange through a regulated, low-cost digital channel before most of their peers could. Being one of five on IBMB means the Bank's customers can use internet and mobile banking across e-commerce platforms that previously required other payment rails.

Digital Banking and Customer Platforms

FedMobile

More than 90% of the Bank's transactions were processed through digital channels during the year. Transaction volumes on FedMobile crossed ₹2.08 Lakh Crore, while monthly active users reached 16 Lakh. A 4.6-star rating across Android and iOS platforms points to the platform's growing role in day-to-day customer interactions.

16 Lakh

Monthly Active FedMobile Users

₹2.08 Lakh Crore

FedMobile Transaction Volume

What is changing is not simply the volume of transactions. Increasingly, customers are using the same platform to manage multiple financial needs. Payments, deposits, investments, insurance and remittances are now accessible through a common interface, bringing a larger share of customer activity onto a single platform.

Beyond Transactions

Several additions during the year broadened the role of FedMobile beyond traditional banking services.

- The Unified Credit Card Module consolidated card servicing requirements into a single journey, covering statements, payments, limit management, EMI conversion and rewards redemption. Insurance purchase journeys were also made available digitally, allowing customers to complete the entire process through the application. The platform also creates greater interoperability across Federal Bank's own card business and partner-led card programmes, allowing customers to access a more consistent servicing experience irrespective of the underlying card proposition.National Pension System (NPS) and NPS Vatsalya capabilities were introduced during the year through FedMobile, enabling customers to open accounts, register SIPs and make contributions digitally. Federal Bank emerged among the leading banks nationally for NPS Vatsalya subscriptions.
- For our NRI franchise, NRO account opening was enabled through both FedMobile and FedNet.

100%

SCF Platform Digital Adoption Rate



Acquiring Customers Digitally

Customer acquisition increasingly moved towards digital journeys during the year. Federal CA 24x7 was launched as a fully digital current account opening proposition for individuals and sole proprietors across India. Project Novus expanded assisted digital onboarding across branches, creating a more consistent onboarding experience across physical and digital channels. Resident savings account acquisition through digital channels increased by more than 50% during the year, indicating growing customer acceptance of self-service onboarding journeys.

50%+

Growth in digital acquisition of resident savings accounts

Our digital channels also assumed a wider role in serving business and institutional customers. Through FedOne and FedCorp, we expanded payment and collection capabilities for corporate and MSME customers. New functionalities included Direct Tax and GST payments, UPI-based collection services and receivables management solutions, increasing the range of activities that customers could complete through digital channels.

Intellectual Capital (Continued)

SAHAYOG is the Bank's digital platform for strengthening SHG lending through a more structured, scalable and technology-enabled operating model. The platform supports end-to-end SHG on-boarding, Liability account opening, credit processing and management by enabling digitisation of key customer, group and loan-related information. By reducing manual dependencies and improving visibility across the SHG credit lifecycle, SAHAYOG enhances process efficiency, data quality, turnaround time and portfolio oversight, while supporting the Bank's broader financial inclusion and rural credit objectives.

Acquiring Customers Digitally

Customer acquisition increasingly moved towards digital journeys during the year. Federal CA 24x7 was launched as a fully digital current account opening proposition for individuals and sole proprietors across India. Project Novus expanded assisted digital onboarding across branches, creating a more consistent onboarding experience across physical and digital channels. Resident savings account acquisition through digital channels increased by more than 50% during the year, indicating growing customer acceptance of self-service onboarding journeys.

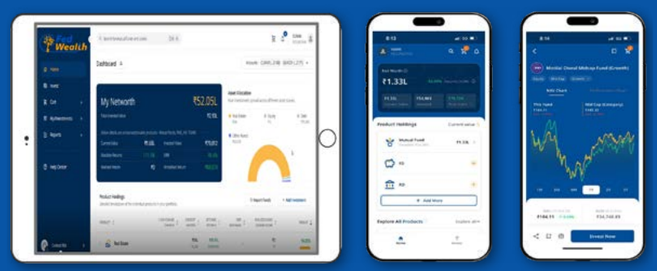
Our digital channels also assumed a wider role in serving business and institutional customers. Through FedOne and FedCorp, we expanded payment and collection capabilities for corporate and MSME customers. New functionalities included Direct Tax and GST payments, UPI-based collection services and receivables management solutions, increasing the range of activities that customers could complete through digital channels.

KALEIDOFIN DASHBOARD

The Kaleidofin dashboard was implemented during the year to strengthen monitoring across the small value loan portfolio. The platform provides consolidated visibility into portfolio performance, disbursement trends and risk indicators, including Early Warning Signals (EWS), allowing earlier intervention, improved portfolio oversight and more informed business decisions.

Fed Wealth

The year marked Federal Bank's entry into Wealth Management as a dedicated business vertical. This development expands our participation across a wider share of customers' financial requirements while creating an additional avenue for fee-based income. The Bank began distributing mutual funds through its own AMFI Registration Number (ARN). Wealth Technology Platform, was launched across FedMobile and FedNet, providing customers access to mutual funds through self-directed digital journeys. A comprehensive suite of products - including Portfolio Management Services (PMS) and Alternative Investment Funds (AIFs) were also introduced along with mutual funds.



The significance of FedWealth extends beyond the introduction of new investment products. It broadens the scope of our customer relationships from banking transactions to long-term wealth creation. As customers accumulate financial assets, their requirements evolve from saving and borrowing to investing and wealth management. FedWealth allows us to participate in a larger share of these financial decisions through a single relationship, increasing customer engagement while diversifying sources of revenue beyond traditional banking activities.

Artificial Intelligence and Automation

Feddy, the Bank's AI-powered virtual assistant, resolved 93 out of every 100 customer queries without human involvement.



Operating across 14 Indian languages, Feddy handles balance enquiries, transaction status, loan application initiation and investment product guidance. Its resolution rate has reached a level at which it functions as the primary service layer, not a triage or routing mechanism. Contact centre volumes have shifted materially as a result.

More than 385 processes were automated through Robotic Process Automation, covering loan disbursals, compliance workflows, account operations, bulk transaction processing and document management. The automation scope has widened every year, as teams identify additional processes suitable for rule-based or attended bot execution.

Collect-Pro
₹100 Crore
in collections processed digitally

AI-assisted credit decisioning was integrated into underwriting for personal loans, credit cards and MSME advances. CRISIL ICON was implemented for end-to-end digital credit rating, providing unified hosting of rating models and scorecards with configurable workflows. Predictive analytics were deployed in collections to identify customers at risk of delinquency before arrears occur.

We are building a Hyper-Personalisation Engine to serve as a real-time decision layer across channels. Its purpose is to act on customer data at the moment of interaction, not through batch processing or retrospective segmentation. A unified enterprise data platform is being built to support this capability.

Technology Architecture

We operate more than 400 APIs in production, one of the most extensive open banking architectures among Indian private sector banks. The API Gateway, implemented under our API-first approach, provides standardised integrations across internal systems and external partners. It has reduced the time needed to onboard new fintech collaborations and supports growing digital transaction volumes without proportional increases in integration complexity.

FedOne, the corporate transaction banking portal, was upgraded during the year to support Corporate ERP integrations, bulk payments, real-time reconciliation reports and tax payment capabilities. The platform serves MSME and corporate clients with a comprehensive digital transaction banking suite.

Cloud infrastructure was expanded during FY 2025-26. New services were deployed faster, system availability increased, and capacity management became more flexible. Application Lifecycle Management automation was extended, with a continuous compliance monitoring tool implemented to identify and report rule variations in near-real time. A dedicated analytics capability was added for greater visibility across portfolios.

Intellectual Capital (Continued)

WhatsApp Banking

~40,000
Average monthly users accessed WhatsApp Banking

~1.5 Lakh
Users for personal loan

~53K
Users for Credit Card

~15K
Users for PMJDY

~8K
Users for APY

Cybersecurity and Fraud Management

As customer interactions and transaction volumes continue to move towards digital channels, fraud prevention and financial crime management assume increasing importance in maintaining customer confidence and trust in digital banking services. Our approach combines real-time monitoring, analytics-led detection capabilities, external intelligence inputs and industry collaboration to identify emerging risks and intervene at earlier stages of the fraud lifecycle.

91.20%
Employees Trained on Cybersecurity / Phishing Awareness

1,162
Third-Party Vendor Security Assessments Completed

Fraud Monitoring and Prevention

The Bank has implemented a comprehensive Fraud Risk Management framework to monitor financial and non-financial transactions across Core Banking, internet banking, mobile banking, corporate banking, card and UPI channels. Advanced fraud monitoring systems and analytics-driven controls support real-time surveillance of transactions, generating alerts and enabling timely interventions whenever suspicious activity is detected. To strengthen preventive controls, channel-level safeguards have been introduced across digital banking platforms to address risks associated with mule accounts and unauthorised fund movements. These controls complement traditional fraud monitoring approaches by proactively restricting potentially high-risk transaction behaviour before funds are transferred, thereby reducing opportunities for misuse and enhancing the overall security of customer transactions.

Intelligence-led Fraud Detection

Our fraud monitoring framework was further expanded during the year through the adoption of MuleHunter.ai, developed in partnership with the RBI Innovation Hub to improve the identification and monitoring of mule accounts. Federal Bank was among the first six banks to adopt the platform, which uses analytics-led scoring and near real-time alerts to identify suspicious accounts exhibiting fraudulent characteristics and support earlier intervention.

We also introduced web crawling capabilities to identify suspicious accounts operating across digital platforms and websites. Monitoring capabilities were further strengthened through integration with I4C's Suspect Registry and the MNRL and FRI databases provided by the Department of Telecommunications, allowing external intelligence signals to be incorporated into fraud detection processes and improving our ability to identify emerging fraud patterns across an increasingly complex digital payments environment.

Anti-Money Laundering and Industry Collaboration

The year also saw further progress in our Anti-Money Laundering (AML) capabilities through wider use of analytics, intelligence sharing and industry collaboration. Federal Bank participated in the Financial Intelligence Unit's FPAC initiative for operational analysis and intelligence sharing alongside FIU-India, RBI, I4C and other regulatory and law enforcement agencies.

We also continued to contribute to industry working groups constituted by ARIFAC and FIU-India across areas such as sanctions screening, watchlist filtering, digital banking risks and mule account identification. These engagements facilitate industry-wide knowledge sharing and support alignment with evolving regulatory expectations and financial crime risks.

Capacity building remained an important component of the framework. Quarterly AML and compliance awareness sessions were conducted for high-risk branches, while focused training initiatives strengthened frontline identification of suspicious activity and improved compliance awareness across business units.

Multi-Factor Authentication was rolled out across systems and channels during the year. Quarterly Red Team exercises continue to assess detection and response readiness under simulated attack scenarios. We are also implementing Security Orchestration, Automation and Response (SOAR) to automate incident management and reduce response times, while work on a Zero Trust Architecture remains underway.

Customer and Employee Awareness

Fraud prevention extends beyond systems and controls to customer and employee awareness. During the year, we continued our "Twice is Wise" cyber awareness campaign across the country in partnership with the Indian Cyber Crime Coordination Centre (I4C), the Ministry of Home Affairs, Radio City and Mathrubhumi. Built around the theme "Freedom from Fraudsters", the campaign used radio broadcasts, print media, digital outreach, social media engagement, roadshows and expert interactions to improve public awareness of cyber fraud risks and preventive measures.

The campaign reached approximately 10.9 Crore people during FY 2025-26, including:

- 6.65 Crore radio listeners
- 2.9 Crore digital and social media views
- 33 Lakh+ print circulation reach
- 14 Lakh ground impressions
- 39,750 on-ground participants

Industry Recognition

The Bank's efforts in this area were recognised with the BFSI Team for Excellence in Fraud Risk Management Award at the FinCrimeExpert Conclave & Awards 2025



Intellectual Capital (Continued)

Cyber fraud awareness also remained an integral part of employee training programmes conducted by the Vigilance Department. During the year, 54 training programmes covering approximately 2,500 employees were conducted across functions and grades, while an exclusive programme on social engineering techniques was attended by 534 employees. Additional awareness programmes were conducted for customers through social media campaigns and targeted interventions for vulnerable customer segments, including initiatives addressing emerging fraud risks such as “Digital Arrest” scams among senior citizens.



Data Privacy and the DPDP Act

The implementation of India’s Digital Personal Data Protection Act places greater emphasis on how organisations collect, manage and govern customer information. We have initiated establishment of a centralised Consent Management Platform covering consent lifecycle management, grievance handling and privacy governance across personal data processing systems.

Privacy by Design was adopted across product development processes, ensuring that privacy considerations are incorporated at the architecture stage rather than addressed after deployment. Data Protection Impact Assessments were formalised for high-impact data processing activities, while third-party data processing arrangements remain subject to contractual safeguards and periodic review.

Data privacy is often viewed as a regulatory requirement. For a digital bank, it also serves a broader purpose. Customer adoption of digital services depends on confidence that personal information is being handled responsibly. As more banking activity moves to digital channels, privacy governance becomes an important component of customer trust and long-term digital engagement.

Information Security Policy

The Bank maintains a robust Information Security Policy to protect its information assets, ensure business continuity, safeguard stakeholder data, uphold the confidentiality, integrity, and availability of information, and meet all applicable legal and regulatory obligations. Key elements include:

Establishing, maintaining, monitoring, and continuously enhancing an effective Information Security Management System (ISMS) aligned with recognized security frameworks and regulatory requirements.

Ensuring efficient and secure operations through adherence to established security policies and controls, safeguarding the confidentiality, integrity, and availability of information, and providing assurance to stakeholders.

Defining and assigning clear information security roles and responsibilities for employees, system administrators, users, and other stakeholders to safeguard customer data and business assets. Monitoring and responding to information security threats through timely reporting, logging, investigation, and remediation of suspected security incidents and breaches.

Establishing comprehensive security policies, standards, and procedures across multiple information security domains to support the effective implementation of the Information Security Management System (ISMS). Ensured robust third-party security governance through contractual requirements and periodic assessments, aligning partner controls with the Bank’s security standards and regulatory obligations.

Conducting information security awareness initiatives to educate employees on security risks, strengthen cyber resilience, and enhance vigilance against sophisticated social engineering and phishing attacks.

Information Security Programmes –

Information Security Awareness Training: To equip employees with practical and essential information security knowledge, the Bank has implemented a series of Information Security Awareness Training modules aimed at safeguarding organisational data, customer information, and personal information

Escalation Process – The Bank has dedicated email for incident remediation. By using the dedicated mail, users can escalate potential threats, incidents, or vulnerabilities directly to the security team for prompt investigation and response

Global Remittance Infrastructure

Cross border remittances remain one of Federal Bank’s most distinctive businesses. The franchise today is supported by a network of 95 live remittance partnerships across geographies, with four new partnerships added during the year. These relationships provide customers with multiple routes through which funds can move across borders, supporting the scale and reach of our remittance business.

During the year, we were selected for the Reserve Bank of India’s SFMS Global initiative, an alternative messaging infrastructure for international remittances. The selection places Federal Bank among a limited group of participating banks and recognises the reliability of the underlying systems supporting cross-border transactions.

In addition, Special Rupee Vostro Accounts and NR Current Accounts were introduced for correspondent banking partners and NRI customers respectively.

These initiatives widen the channels through which customers can access remittance services while supporting the continued growth of our NRI franchise.

The value of a remittance franchise lies not only in the volume of funds transferred but also in the infrastructure through which those funds move. Partnerships, connectivity and transaction reliability therefore remain central to maintaining customer confidence in cross-border banking services.

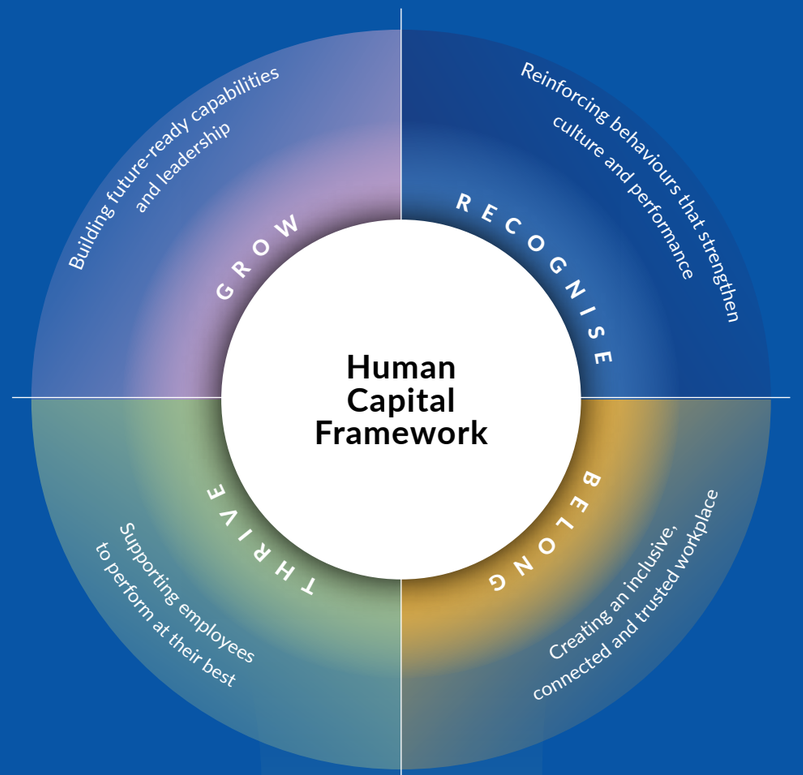




Human Capital

Our colleagues influence every aspect of the Bank's performance. They engage with customers, assess credit, manage risks, develop technology capabilities and oversee daily operations across the organisation. The quality of these decisions and interactions affects customer experience, service standards and business outcomes.

Customer expectations are changing. Digital channels account for a larger share of interactions. Specialist expertise is becoming more important across banking functions. Learning, leadership development, inclusion, well-being, engagement and recognition therefore receive sustained attention. These areas influence how employees build expertise, take on larger responsibilities and progress through their careers. They also support the depth and continuity required across customer-facing, operational and specialised functions.



Material Matters Included

3. Human Capital Management

8. Governance, Business Ethics, Transparency and Reporting

Contribution to SDGs

OUTCOME

17,681
Employee Strength

₹34.24 Crore
Business Per Employee

4.90%
Industry-Best Attrition Rate

~42%
Women employees in the overall workforce

Human Capital (Continued)

GROW

Banking roles continue to evolve alongside changing customer expectations, wider digital adoption and increasing specialisation across functions. Building the workforce required for this environment involves more than filling vacancies. It requires access to the right skills, timely deployment of talent and effective integration into the organisation. Our talent agenda therefore focuses on identifying capability requirements early, attracting suitable talent and creating conditions that help employees succeed from the outset.

ATTRACT

Banking roles continue to evolve alongside changing customer expectations, wider digital adoption and increasing specialisation across functions. Building the workforce required for this environment involves more than filling vacancies. It requires access to the right skills, timely deployment of talent and effective integration into the organisation. Our talent agenda therefore focuses on identifying capability requirements early, attracting suitable talent and creating conditions that help employees succeed from the outset.

A Strong Talent Pipeline

Recruitment efforts during FY 2025-26 addressed requirements across customer-facing, operational, technology and specialised functions. We welcomed 2,687 new employees during the year, taking total employee strength to 17,681.

A substantial proportion of new hires joined customer-facing and junior management roles. These additions expanded branch and field-level capacity while supporting customer acquisition, relationship management and service delivery across markets. They also contributed to the talent pipeline available for future managerial and leadership responsibilities.

2,687
New Employees Recruited

39%
Women in New Hire

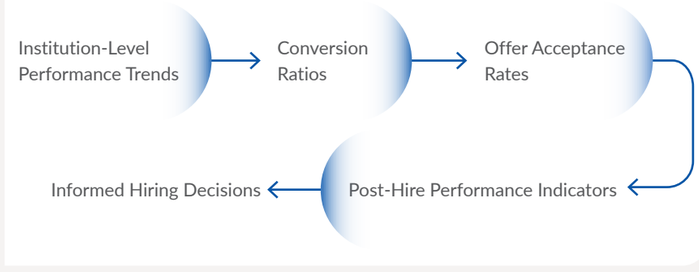


Bringing Greater Precision to Recruitment

Workforce planning and recruitment decisions draw upon data across different stages of the hiring process. Institution-level performance trends, conversion ratios, offer acceptance rates and post-hire performance indicators provide visibility into recruitment outcomes and hiring effectiveness.

These insights help recruitment teams assess sourcing channels, improve decision-making and align talent acquisition efforts with business requirements. The use of analytics also provides greater visibility into workforce trends, enabling timely interventions where required.

Recruitment Insights Framework



Building Capability in Emerging Areas

Technology capability remains an important requirement across banking operations, customer platforms and internal processes. A Pan-India public recruitment programme for IT Officers was launched during the year to add specialised technology talent across key functions and support the Bank's evolving digital requirements.

We also introduced the Neo model through targeted recruitment of 'Feet-on-Street Relationship Managers'. The initiative expanded customer outreach in emerging markets and supported retail CASA acquisition efforts. By placing relationship managers closer to customers, we increased market coverage and improved engagement with prospective customers across target geographies.

INTEGRATE

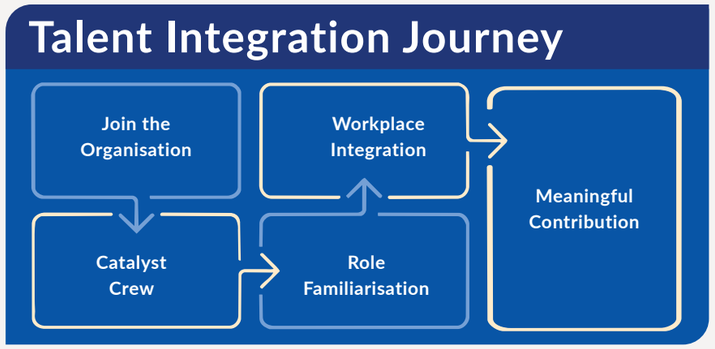
The period immediately following recruitment often influences how quickly employees adapt to their responsibilities and begin contributing effectively. Structured integration therefore forms an important part of our talent agenda.

The Catalyst Crew model was introduced to support employees during this transition. These initiatives provide access to workplace information, peer guidance and practical support during the early stages of employment.

Employees gain familiarity with role expectations, operating practices and the Bank's culture while establishing professional relationships across teams.

The value of these initiatives extends beyond onboarding. Early access to information, guidance and workplace support helps employees navigate their new environment with greater confidence, reducing adjustment time and enabling faster contribution within customer-facing, operational and specialised roles.

Talent Integration Journey



Learning Closer to Business Requirements

The Federal Academy of Career Excellence (FACE) remains the Bank's primary learning platform. Learning delivery combines physical programmes, virtual classrooms, self-paced learning and eAcademies, providing employees with access to development opportunities across locations and functions.

Learning priorities are determined by business and people requirements. During FY 2025-26, capability-building efforts focused on sales, wealth management, foreign exchange, compliance, leadership development and technology adoption.

Human Capital (Continued)

Learn and Lead

Growth is shaped not only by learning opportunities but also by experiences that build confidence, visibility and aspiration. Capability development, leadership preparation, recognition and shared experiences each contribute to how employees progress through their careers.

Our approach combines learning, mentoring, leadership development and recognition to help employees prepare for larger responsibilities while strengthening the capabilities required for the Bank's future growth.

99%
Officer Participation in Self-Paced e-Learning

1,700+
Employees Trained Under Gold'n Compliance Certification

5.73 Days
Average Training Days per Employee

Learning Ecosystem



Building Sales and Business Development Capabilities

Sales capability building received focused attention during the year through the Breakthrough Sales Initiative - a structured development intervention designed for leadership, managerial and frontline teams. The programme aimed to enhance execution excellence, strengthen coaching capabilities and elevate sales management practices across the Bank.

Custom-designed programmes for Zonal Heads and Regional Heads were delivered in partnership with specialised learning institutions. These interventions addressed sales-force mentoring, performance reviews, feedback mechanisms and campaign execution. Learning outcomes are assessed through post-programme action plans, leadership effectiveness indicators and business performance measures.

The Breakthrough Sales initiative supported efforts to embed consistent sales practices across the Bank and improve execution across customer-facing teams.

During the FY, Federal Bank partnered with Coursera to offer a customized learning intervention for its Senior Management team. As part of this initiative, senior leaders were provided access to the Coursera learning platform, enabling them to choose from a wide range of courses aligned to their individual development needs and business priorities. The program empowered leaders to pursue self-directed learning and enhance their capabilities in emerging and relevant domains through content curated by leading global institutions and industry experts.

As part of its commitment to fostering a culture of continuous learning, the Bank offers UpSkill, a scholarship programme that provides financial assistance to identified employees pursuing professional qualifications, certifications, and higher education programmes relevant to their roles and career growth. The initiative supports capability building, career development, and talent retention while strengthening the Bank's future-ready workforce.

Building Specialist Banking Capabilities

Capability requirements across banking continue to evolve as customer expectations become more sophisticated and advisory-led engagement gains importance.

The Wealth Academy was introduced to deepen expertise across wealth management roles and create a larger internal talent pool for advisory and relationship-driven businesses. Structured learning interventions addressed product knowledge, customer advisory capabilities and service quality across frontline teams.

Foreign exchange capability also received focused attention. The Forex Academy delivered structured learning journeys covering forex operations, treasury-linked products, customer servicing requirements and regulatory considerations. Programmes were conducted for Forex Officers, Branch Heads and Relationship Officers preparing for expanded responsibilities within the forex business. We also created a dedicated Foreign Exchange Talent Pool to support future business requirements and strengthen succession depth within specialised roles.

Compliance, Risk Awareness and Professional Expertise

Capability development extends beyond business growth. Regulatory awareness, risk management and compliance remain integral to the Bank's operating model. Programmes covering KYC, AML, preventive vigilance, fraud awareness, customer due diligence and regulatory compliance were conducted across employee groups. Dedicated learning interventions on the Digital Personal Data Protection (DPDP) framework helped employees understand evolving data privacy requirements and responsible information handling practices.

The Gold'n Compliance Programme has successfully trained over 1,700 employees in gold ornament appraisal and gold loan practices. The programme has been delivered in partnership primarily with the Institute of Gems & Jewellery (IGJ), alongside other esteemed partners, across multiple locations, ensuring consistent and high-quality learning experiences throughout the organisation.

Scenario-based compliance learning modules were also introduced to simulate real-world situations and improve decision-making in areas such as money-mule risks, current account regulations and customer due diligence requirements.

Technology, AI and New Learning Approaches

Technology is changing how employees learn, engage with customers and perform day-to-day activities. Capability-building efforts therefore included structured interventions focused on AI adoption and practical workplace applications. Training programmes for HR and selected business functions addressed the use of AI tools to simplify workflows, improve productivity and support routine activities. We also introduced AI-enabled simulation modules for Relationship Managers. Participants engaged with virtual customer avatars across role-based scenarios and received structured feedback on communication quality, customer engagement and advisory effectiveness.

Preparing Leaders for Larger Responsibilities

Leadership Training and the Sales Leadership Program were conducted for Zonal Heads and Regional Heads, with a strong emphasis on how effective leadership influences decision-making, mentoring, coaching, and team development. Additionally, Lead to Succeed, a focused leadership development program, was conducted for newly identified people leaders to strengthen their understanding of leadership fundamentals, people management, process discipline, and compliance adherence. Collectively, these two programs covered a total of 289 employees, enhancing leadership capabilities across different levels of the Bank.

Leadership development is assessed not only through programme participation, but also through readiness for larger responsibilities, internal mobility and succession depth across critical roles.

Human Capital (Continued)

Belong

Our approach to belonging combines inclusion, employee listening, cultural participation and everyday workplace experiences that help employees build meaningful connections with colleagues and with the institution. Customer requirements are rarely uniform. Employees bring different experiences, viewpoints and insights that contribute to a broader understanding of customer needs, business opportunities and operational challenges. This diversity of thought improves the quality of discussions, decisions and solutions developed across the Bank.

An Inclusive Workplace

The experience of belonging begins long before engagement scores are measured. It is shaped by workplace interactions, leadership accessibility, opportunities for participation and confidence that every employee will be treated with fairness and respect. Our approach to belonging combines inclusion, employee listening, cultural participation and everyday workplace experiences that help employees build meaningful connections with colleagues and with the institution.

Diversity, Equity and Inclusion as a Business Enabler

Customer requirements are rarely uniform. Employees bring different experiences, viewpoints and insights that contribute to a broader understanding of customer needs, business opportunities and operational challenges. This diversity of thought improves the quality of discussions, decisions and solutions developed across the Bank.

Progress is assessed through workforce representation, retention levels, participation in development programmes, internal mobility and employee engagement indicators. These measures provide visibility into workforce participation and help identify areas requiring attention.



Representation Across the Workforce

Representation provides one view of workforce participation. Equally important is the ability to attract, retain and develop talent across different employee groups. Women represented approximately 42% of the workforce during FY 2025-26, with managerial representation exceeding 40%. Retention levels remained at 96.68%, while return-to-work rates following maternity remained nearly 100%. These outcomes contribute to continuity of experience, customer understanding and leadership depth across the Bank. They also provide a broader pool of talent available for future managerial and leadership responsibilities.

~42%
Women in Workforce

96.68%
Women employee retention after maternity

99.55%
Return to work ratio after maternity



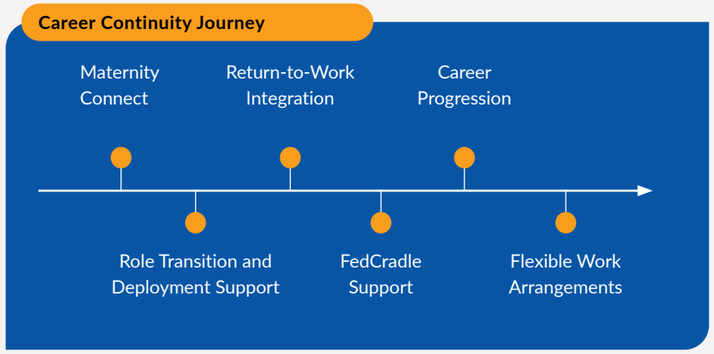
Career Continuity Across Life Stages

Career progression and personal responsibilities often evolve simultaneously. Maintaining continuity through these transitions is important for employees and for the Bank. Experience accumulated over time, customer relationships, institutional knowledge and managerial capability remain valuable assets that should not be lost because of temporary life-stage requirements.

Maternity Connect, FedCradle and flexible work arrangements address different aspects of career continuity. Employees remain connected with the Bank during maternity, while childcare support, deployment flexibility and transition support facilitate a smoother return to professional responsibilities.

Our perspective recognises that maternity does not diminish capability or ambition. Employees returning from maternity often bring greater resilience, prioritisation skills, adaptability and emotional awareness developed through lived experience. These qualities contribute positively to workplace effectiveness and leadership capability.

The focus therefore extends beyond return-to-work statistics. Continuity of opportunity, career progression and confidence receive equal attention, ensuring employees are able to resume and advance their careers with the Bank over the long term.



Human Capital (Continued)

Belonging Through Participation

Connections are often built through shared experiences. Organisation-wide initiatives, employee interactions and cultural celebrations provide opportunities for employees to engage beyond their immediate responsibilities and reporting relationships.

International Women's Day was marked through a fireside conversation featuring Vidya Balan, while regional celebrations including Pongal, Onam, Durga Puja, Diwali and Christmas brought employees together across locations and functions. These occasions also foster cultural education, giving employees greater exposure to the traditions and practices represented across the Bank's diverse workforce. Such interactions build familiarity across teams, encourage participation and contribute to a workplace where employees feel welcomed, respected and valued.

Labour Practices Commitment

Federal Bank is committed to upholding fair and responsible labour practices across its operations and, where applicable, through contractors and service providers. Guided by applicable labour and employment laws, including the Industrial Relations Code, 2020, Code on Wages, 2019, Code on Social Security, 2020 and Occupational Safety, Health and Working Conditions Code, 2020, the Bank promotes equitable remuneration, equal opportunity, non-discrimination and social protection for its workforce. The Bank's policies support paid leave, statutory and welfare benefits, reasonable working hours, employee wellbeing and due process in workforce-related matters, while fostering constructive engagement with employee representative bodies and maintaining a strong employee relations framework. Through established governance mechanisms, contractual compliance processes and a people-centric culture reflected in its industry-leading attrition levels, the Bank seeks to ensure responsible labour practices and compliance with applicable labour and social security requirements.

Inclusion in Everyday Practice

Workplace experiences are influenced as much by daily interactions as by formal policies. Managers, colleagues and local teams shape how employees experience inclusion across branches and offices.

POSH awareness programmes, managerial sensitisation initiatives and workplace conduct interventions establish common expectations around professional behaviour, accountability and respect. Equal attention is given to listening, empathy and fair access to opportunities.

Listening Tours provided an additional channel through which senior leaders engaged directly with employees across locations. These discussions provided visibility into workplace experiences, employee expectations, operational challenges and local realities. Insights from these interactions informed people practices, communication priorities and employee support measures while helping leadership remain closely connected to experiences across the Bank.

Labour Practices Programmes

The Bank operationalises its labour practices commitment through structured compensation and benefits frameworks, employee welfare and social security programmes, monitoring of workforce practices and established employee engagement and grievance redressal mechanisms. Beyond compliance with statutory labour requirements, the Bank adopts a consultative approach to workplace governance through regular interactions with the employee representative bodies in the Bank addressing their right to collective bargaining, periodic townhalls enabling constructive dialogue and continuous improvement of working conditions and employee welfare. These programmes are supported by employee conduct standards, grievance and whistleblower mechanisms and practices that ensure zero discrimination, equal opportunity, fair treatment and respect for human rights in the workplace.

Employee Code of Conduct and Points on Human Right Assessment

The Bank has established Code of Conduct for employees, aligned with industry practices and the provisions of Bipartite Settlements and service conditions, publicly available formulated through consultations with employee representative bodies. These frameworks promote fair employment practices, equality, dignity at work and non-discriminatory treatment of all employees. Through its Code of Conduct and related policies, the Bank maintains a zero-tolerance approach towards any type of discrimination and is committed to ensuring compliance with all applicable legal and regulatory requirements relating to the prohibition of forced labour, human trafficking and child labour across its operations.

Remote Working Provision

The Bank offers a Work from Anywhere (WFA) arrangement, allowing employees to work remotely while ensuring business continuity and operational effectiveness.

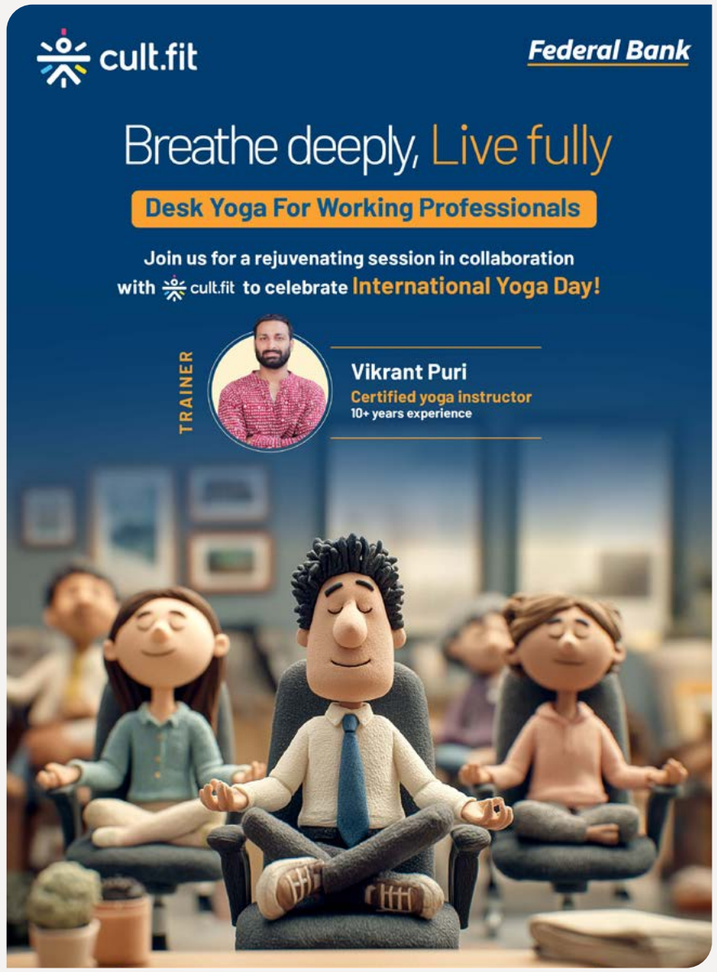
Thrive

Employees perform best when they have access to support that extends beyond work responsibilities alone. Physical health, emotional resilience, financial security and family support all influence participation, continuity and long-term career decisions. Our approach to well-being therefore spans multiple dimensions of employee life, recognising that support requirements evolve across different life stages and circumstances.

Well-being, Engagement and Belonging

Our approach to well-being therefore spans multiple dimensions of employee life, recognising that support requirements evolve across different life stages and circumstances.

International Yoga Day was observed through a virtual wellness session organised in collaboration with a leading fitness brand, enabling employees across locations to participate in a guided "Desk Yoga for Working Professionals" programme. The initiative encouraged practical techniques to improve posture, manage workplace stress and incorporate mindful movement into everyday routines, making wellness accessible irrespective of employees' location or work format.



What Employee Listening Helps Surface

- Frontline operational realities
- Workplace experience insights
- Process improvement opportunities
- Employee expectations
- Employee support requirements

Human Capital (Continued)

Listening and Leadership Accessibility

We have progressively expanded employee listening beyond traditional surveys and feedback mechanisms. Listening Tours provide opportunities for senior leaders to engage directly with employees across branches and offices, creating visibility into workplace experiences, operational realities and employee expectations.

These interactions provide insights that may not always emerge through formal reporting channels. Discussions cover workplace challenges, process-related concerns, customer-facing realities and employee support requirements. Feedback gathered through these interactions informs people practices, communication priorities and workplace interventions. Direct engagement also reduces organisational distance. Employees gain opportunities to share experiences and perspectives, while leadership teams develop a deeper understanding of realities across locations and functions.

Supporting Well-being Across Life Stages

Well-being influences attendance, engagement, workforce continuity and day-to-day effectiveness. The Bank therefore approaches employee well-being across physical, emotional, social and financial dimensions. The Bank's wellness initiatives, including SMILES, sports, yoga and other employee programmes, help employees manage stress and maintain their physical, mental and emotional well-being.

The Employee Assistance Programme, introduced in 2014, provides employees with access to confidential counselling and professional support across personal, emotional and workplace-related matters. Health check-up camps, wellness webinars, yoga sessions, preventive healthcare programmes and cancer awareness initiatives were conducted across locations during the year. Several initiatives also extend support beyond employees, providing assistance during important life transitions and unforeseen circumstances.

Employee Support Programmes

Odyssey

Retirement planning programme conducted in partnership with Rajagiri College of Social Sciences for employees approaching retirement.

Deepthi

Insurance scheme providing coverage for staff housing loans, offering financial protection against outstanding loan obligations.

Compassionate Payment Scheme

Financial assistance provided to families of deceased employees.

Banking on Good Health

Healthcare partnerships with hospitals and wellness institutions providing benefits to employees, retirees and dependents.

Smiles

Employee Assistance Programme providing confidential professional counselling and emotional support to employees facing personal, professional and emotional challenges.

FedCradle

Crèche facility providing a safe, nurturing and engaging environment for employees' young children while supporting working parents.

Samraksha

Voluntary group term life insurance scheme providing employees with comprehensive life insurance protection at competitive group rates.

Diya

Immediate financial assistance programme designed to address urgent requirements of bereaved families.

Subsidised Loan Schemes

Concessional loan facilities supporting employees' financial requirements, including housing, vehicle purchases and other essential personal needs.

Group Personal Accident Insurance

Coverage for accidental death and related contingencies.



Occupational Health and Safety Management System

Our OHS Framework is based on risks identified within the Bank's working environment. Its coverage extends to all Bank employees, contract employees and employees of vendors and partners deployed at the Bank's premises.

Hazard Identification, Risk Assessment and Incident Investigation

Risk assessments are carried out by Subject Matter Experts (SMEs), with the competency of auditors duly ensured.

Assessment findings are analysed to identify any emerging patterns of risk. Where such patterns are observed, corrective actions are undertaken to mitigate the specific risk, with learnings used to determine whether changes or modifications are required in the overall OHS Framework.

Work-related safety incidents are reported through the Bank's internal Health & Safety web-based application. Reported incidents are investigated through Root Cause Analysis (RCA) to identify workplace hazards and associated risks. Based on the findings, remedial measures may include modifications to infrastructure, furniture and electrical systems, among other measures, depending on the root cause identified.

Promotion of Worker Health

The Bank has in place a Medical Insurance Scheme to address the non-occupational medical and healthcare needs of its employees. Employees are informed about the scheme during induction, and the policy is available on the Bank's internal portal for ready reference.

Human Capital (Continued)

Sunshine

Federal Bank's Employee Volunteering Platform

Employees often seek opportunities to contribute beyond their formal roles. Participation in community initiatives creates stronger connections between employees, local communities and the institution while reinforcing shared values across the Bank.

Sunshine serves as the Bank's umbrella platform for employee volunteering and social participation, bringing together initiatives across health, education, environment and community development.



Sunshine in Action

Drops of Hope 3.0



The Drops of Hope 3.0 brought together employees, customers and members of the public across locations. Through component separation, donated blood has the potential to support thousands of recipients across healthcare institutions.

21,085
Volunteers Participated

70,284
Lives Potentially Impacted

79,06,950 ml
Blood Donated

311
Blood Donation Drives

Threads of Hope



Threads of Hope brought together employees across zones and offices through a clothing collection and redistribution initiative conducted in partnership with NGOs and community organisations. The programme supported responsible consumption while extending assistance to communities in need.

6,134 Kg
Clothes Collected

2,077
Volunteers

~1.2 Million Litres
Fresh Water Saved

~9,700 Kg
CO_2 Emissions Prevented

Humari Dharthi Humari Duty



Environmental stewardship forms an important part of Sunshine, bringing employees together through activities that support cleaner surroundings, environmental awareness and community participation. The initiative encourages employees to contribute their time towards local environmental programmes while reinforcing individual responsibility for protecting natural resources and creating healthier communities.

4,055
Saplings Planted

1,694
Volunteers

2,817.2 Kg
Waste Collected

189
Awareness Sessions

Human Capital (Continued)

Recognise

Employee experience is influenced by hundreds of interactions that occur throughout an employee's relationship with the Bank. Access to information, ease of interaction, recognition of contributions and opportunities to celebrate achievements all contribute to how employees perceive the workplace and connect with the institution. At Federal Bank, employee experience is viewed as an extension of the Bank's relationship-led culture. The quality of experience created for employees influences collaboration across teams, day-to-day engagement and, ultimately, the quality of experiences delivered to customers.

Bringing Employee Interactions Together

Pulse serves as a common destination through which employees access workplace information, employee services, communication updates, recognition features and engagement initiatives.

Pulse at a Glance

- Communication and workplace updates
- Employee services and self-service capabilities
- Recognition and milestone celebrations
- Knowledge sharing and collaboration
- Employee engagement journeys

The platform brings together multiple employee touchpoints within a single environment, making it easier for employees to access information, complete routine activities and participate in programmes across the Bank. Pulse also facilitates milestone celebrations, peer interactions and knowledge sharing, ensuring that employees remain connected irrespective of location or function.

For new employees, the Catalyst Crew model complement this experience by providing guidance, workplace information and peer support during the early stages of employment. These interventions help employees settle into their roles more quickly while building familiarity with the Bank's culture and ways of working.



What We Choose to Recognise

Recognition communicates what the Bank values. It acknowledges business outcomes, but it also celebrates behaviours that influence customer experience, teamwork, leadership, collaboration and workplace culture.

Fed-RATNA, the Bank's annual rewards and recognition programme, was conducted across all ten zones during the year. Employees and teams were recognised across customer service, talent and employee engagement categories.

Fed-STAR complements this framework through recognition of employees who exemplify the Bank's C.A.R.E.S. values. The programme acknowledges contributions across customer service, leadership, teamwork, community participation and actions that positively influence colleagues and customers.

Recognition therefore extends beyond performance outcomes alone. It provides visibility to behaviours and contributions that shape workplace culture and influence how employees engage with one another and with customers.





Human Capital (Continued)

Recognising Families and Aspirations

Professional achievements are often supported by families, caregivers and personal support systems. Talent Time acknowledges this reality by celebrating accomplishments achieved outside the workplace while recognising the people who contribute to those successes.

During FY 2025-26, Talent Time recognised children of employees who secured 90% and above in Class X and Class XII board examinations. The programme also celebrated accomplishments across sports, arts and co-curricular activities at state and national levels.

By recognising these milestones, the Bank acknowledges the aspirations and support systems that contribute to employee success. The programme also provides opportunities for employees and their families to participate in moments of celebration with the Bank.



Shared Experiences Across the Bank

Workplace relationships are often built outside formal reporting lines and day-to-day responsibilities. Sporting events, institution-wide celebrations and cultural programmes provide opportunities for employees to interact with colleagues across locations, functions and teams.

The HO Cup and regional sporting events brought together employees through cricket, throwball, chess, carrom, table tennis and other activities. Fed-SCORE provided opportunities for employees to participate in external sporting events while representing the Bank across competitive platforms.





Additional Information

Category	Male	Female	Total
By Employee Category			
Top management	94	22	116
Senior management	1,147	339	1,486
Associates	2,109	1,911	4,020
Junior Management	3,544	3,058	6,602
Middle management	2,597	1,499	4,096
Sub Staff	762	599	1,361
Total	**10,253**	**7,428**	**17,681**
By Region			
India	10,226	7,428	17,654
UK			
USA			
Others	27		27
By Region			
North	957	491	1,448
South	6,828	5,790	12,618
East	695	328	1,023
West	1,746	819	2,565
By Age			
<30	3,937	3,020	6,957
30-50	5,537	3,600	9,137
>50	779	808	1,587
Total	**10,253**	**7,428**	**17,681**

Newly Hired Employees for FY 2025-26

Category	Male	Female	Total
By Employee Category			
Top Management	13	0	13
Senior Management	29	3	32
Customer Service Associates	188	166	354
Junior Management	1,340	872	2,212
Middle Management	59	11	70
Office Assistant & PT Housekeeper	2	4	6
Grand Total	**1,631**	**1,056**	**2,687**
By Region			
East	178	58	236
North	249	108	357
South	860	756	1,616
West	344	134	478
Grand Total	**1,631**	**1,056**	**2,687**
By Age			
Less than 20	1	0	1
20-29	1,433	1,015	2,448
30-39	122	37	159
40-49	67	3	70
50 & Above	8	1	9
Total	1,631	1,056	2,687

Human Capital (Continued)

Employees Covered under Collective Bargaining Agreements

Category	Male	Female	Total
By Employee Category			
Office Assistant & PT Housekeeper	762	599	1361
Customer Service Associates	2109	1911	4020
Junior Management	2593	2942	5535
Middle management	2597	1499	4096
Total	**8061**	**6951**	**15012**
By Region			
North	829	456	1285
South	5596	5139	10735
East	621	322	943
West	1338	685	2023
Overseas	26		26

Learning and Development

92%
Training coverage

₹14.09 crore
Total L&D investment

47 hours
Average training hours – Senior Management

5.73 days
Average training days per employee

₹8,480
Training cost per employee

70,249 hours
Cybersecurity / Data Privacy training

4,040 hours
AI / Digital Literacy training

47.3%
Employees with Individual Development Plans (IDPs)

16,932 hours
Ethics / Anti-Corruption / POSH training

454 hours
ESG / Sustainability Awareness training

5,40,865.55 hours
Employee reskilling / digital training

44.02 hours | Female
Average training hours per employee

47.28 hours | Male
Average training hours per employee

Workforce and Careers

4.90%
Voluntary attrition rate – Total

2.02%
Absentee Rate

25.49%
Female leadership ratio

5.37%
Voluntary attrition rate – Female

3 years
Average employee tenure

5,030
No. of females in revenue generating roles

Pay Equity and Remuneration

1.08:1
Women : Men salary ratio – Associates / Clerks

1:1.15
Women : Men salary ratio – Officers

1.02:1
Women : Men salary ratio – Senior Management

82.6%
Adjusted Gender Pay Gap (regression-adjusted), as furnished

25.44×
CEO-to-Median Employee Pay Ratio

OHS Policy

The Bank has put in place a comprehensive Occupational Health and Safety (OHS) Framework duly approved by the Executive Management and disclosed on its official website.

The OHS Framework applies to all individuals associated with the Bank, including permanent employees, contract staff, as well as personnel engaged through vendors and partner organisations.

The Occupational Health and Safety (OHS) Framework is drafted as per the ISO 45001:2018 Standard and it outlines the Bank's commitment to ensuring the well-being of all individuals within our premises.

The framework forms an integral part of the Bank's Environmental, Social, and Governance (ESG) strategy and reflects its commitment to ensuring a safe and healthy workplace. Considering the relatively low occupational risk profile of the Bank's operations, emphasis is placed on preventive and awareness-driven measures. Health and safety practices are embedded within the organizational culture through structured training programmes, mock drills, and regular internal communications to ensure employee preparedness in emergency situations.

The OHS framework includes the need to review inputs received from risk assessments and analysis of incidents, take measures required for mitigating hazards and risks arising from those hazards and if required update/modify the OHS framework accordingly. It also includes a commitment to set up quantified targets basis this review.

OHS Programmes

The organisation has implemented a structured Occupational Health and Safety (OHS) Management System to ensure a safe and secure working environment across all locations. Clearly defined roles and responsibilities are established through Incident and Emergency Response Teams (IRT/ERT), which are trained in fire safety and medical emergency protocols and act as first responders, supported by a 24x7 Remote Monitoring Station.

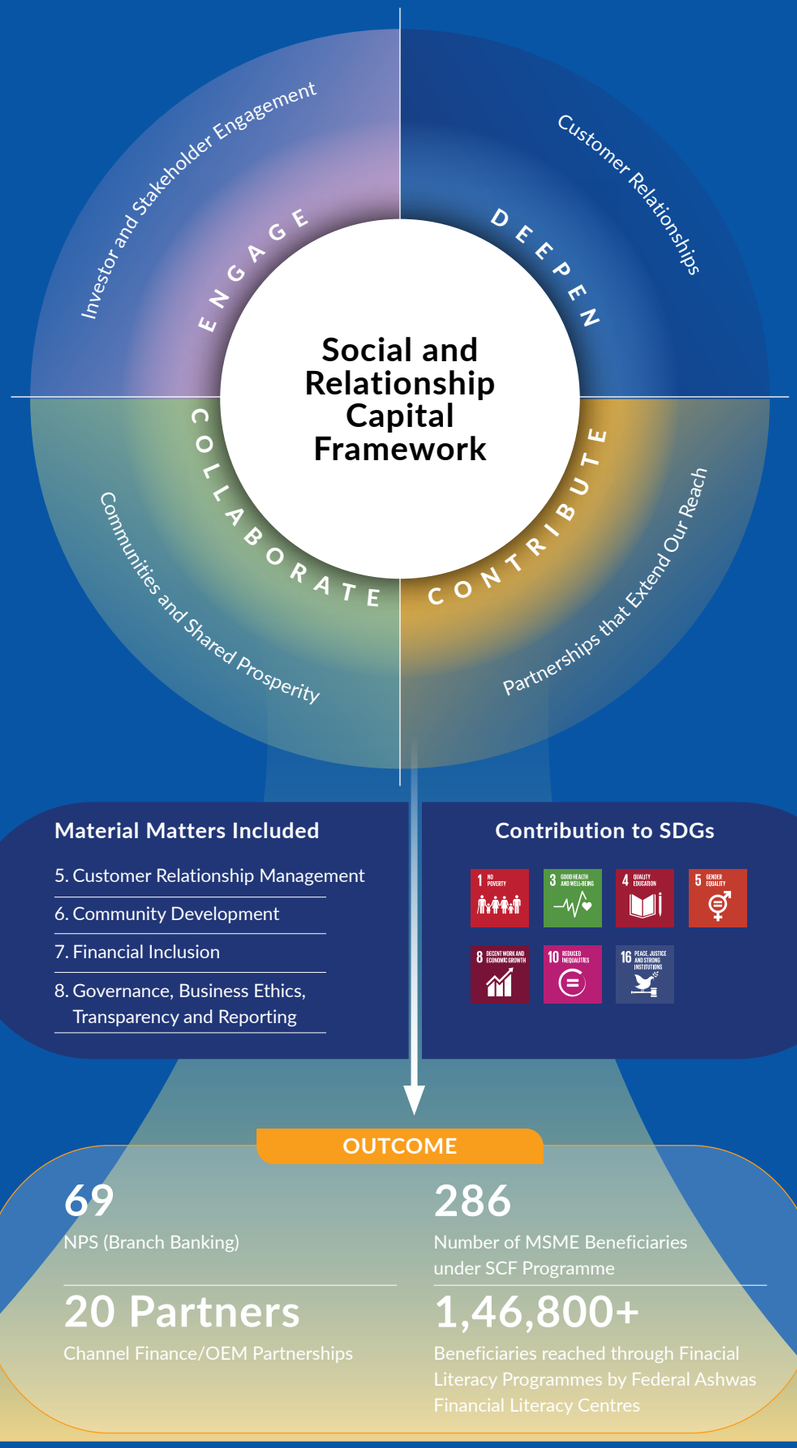
A standardised mechanism is in place for identification and reporting of hazards through an internal portal, integrated with a defined escalation framework. Reported incidents are systematically reviewed at zonal and corporate levels to ensure timely corrective and preventive actions. Health and safety requirements are also incorporated into vendor SLAs to ensure compliance across third-party engagements.

Periodic training programmes on fire safety, medical emergencies, first aid, and emergency response are conducted, including collaboration with reputed hospitals for enhanced preparedness. Mock drills, internal alerts, and awareness sessions are regularly carried out to validate response effectiveness and reinforce safety practices. In addition, Crisis Management Teams meet at defined intervals to review risk scenarios and strengthen organisational preparedness for emerging risks.



Social and Relationship Capital

Federal Bank's franchise extends across customers, Non-Resident Indians, partners, communities, investors and shareholders. Each relationship provides access to a different source of growth. Customers contribute deposits, lending opportunities and transaction volumes. The NRI franchise connects the Bank to remittance corridors and overseas deposits. Partnerships facilitate participation across customer segments and industries. Community initiatives deepen local presence, while investors and shareholders relationships support market visibility and access to capital. These developments increased the breadth of the franchise across customer segments, geographies and stakeholder groups.



Social and Relationship Capital (Continued)

Customer Relationships

Customer relationships are built over time through participation across financial decisions, business cycles and life stages. A savings account may later involve credit, investments and wealth advisory. Business relationships often span collections, payments, trade services and working capital requirements. Educational institutions, merchants and community organisations require banking capabilities that fit within their own operating environments and administrative processes.

Our approach to customer relationships is therefore organised around customer journeys, relationship ownership and specialised propositions designed for distinct customer groups. Relationship banking, digital capabilities and advisory support operate together across acquisition, onboarding, servicing and engagement, allowing us to participate across a broader share of customer requirements over time.

Our Customer Relationship Framework

Segment-led Propositions

Solutions designed around customer cohorts with distinct banking requirements.

Relationship Ownership

Dedicated relationship roles across branches and business segments.

Participation Across Customer Journeys

Presence across deposits, lending, payments, investments and advisory requirements.

Digital and Human Interaction

Customers move between branches, relationship teams and digital channels based on their requirements and preferences.

Listening and Feedback Loops

Inputs from customers contribute to service interventions and process modifications across channels and products.

22.75 Lakh
New customers added in FY 2025-26

1 : 10.45
Customer Acquisition Ratio (Rural/Semi-urban)

1.58 Crore
UIDAI-verified Aadhaar-linked Accounts

1 : 11.02
Customers Financial Inclusion Ratio (Rural/Semi-urban)

Segment-led Propositions

Customer requirements differ across professions, income profiles, business models and life stages. Product-led engagement therefore gives way to relationship models designed around customer cohorts with distinct banking requirements.

Government employees are served through GovEarn and GovEarn Prime. Senior citizens access banking services through the Esteem proposition, while business owners and professionals engage through Current Account and transaction banking propositions designed around operating and liquidity requirements.

Institutional relationships span schools, universities, religious organisations and merchants, each requiring banking capabilities aligned with their operating environments, collection cycles and administrative processes.

Relationship Ownership

Relationship ownership at Federal Bank sits close to the customer and the market in which the customer operates. Branch teams, relationship managers and specialised product teams work within clearly defined customer segments, allowing continuity of engagement across retail, business and institutional relationships.

Operation Udaan altered the distribution of activities within branches through the migration of selected operational processes to specialised and centralised teams. The resulting branch structure allocated a larger share of branch capacity towards customer acquisition, relationship management and market coverage through dedicated relationship roles including Branch Relationship Heads, Branch Relationship Officers, Relationship Managers and Sales Feet-on-Street.

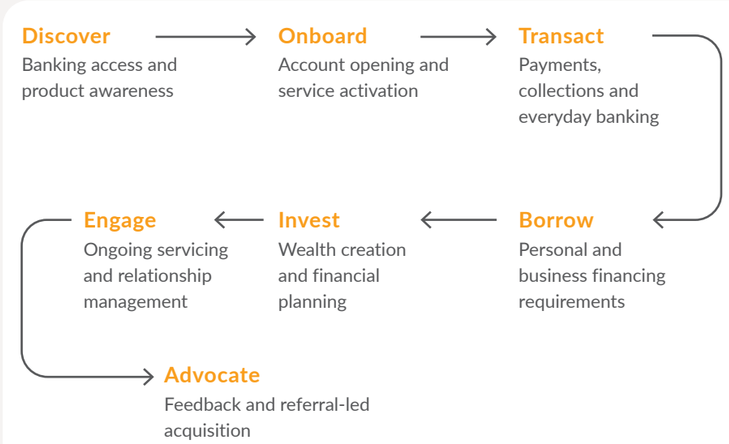
Relationship Roles

- Branch Relationship Heads
- Branch Relationship Officers
- Relationship Managers
- Sales Feet-on-Street

Participation Across Customer Journeys

We participate across customer requirements as relationships evolve over time. A relationship initiated through a savings account may subsequently involve lending, investments and wealth advisory. Business relationships frequently span collections, payments, transaction banking, trade services and foreign exchange requirements, while institutional relationships often extend beyond collections into broader banking and treasury solutions. Our objective is to participate across a wider share of customer requirements over the course of the relationship, allowing customers to engage with us through different financial decisions, operating cycles and life stages.

The Customer Journey



Digital and Human Interaction

"Digital at the fore. Human at the core."

Digital channels account for a growing share of onboarding, payments, collections and servicing interactions. Relationship managers, branch teams and specialists continue to remain central to advisory discussions, credit decisions, business banking relationships and resolution of complex customer issues. This operating model allows customers to move between self-service digital journeys and relationship-led interactions depending on the nature of the requirement, combining transaction convenience with human judgement where context and experience matter.

Customer Relations Management

Our customer relationship management approach brings together digital and assisted service channels, customer feedback, inclusive banking and grievance redressal.

Multiple Channels for Customer Support and Feedback

We provide customers with multiple channels to access support, raise queries and share feedback based on their preferred mode of interaction.

Feddy: AI-based Virtual Assistance

Feddy, our AI-powered virtual assistant, provides customer support across conversational channels including WhatsApp, our website, FedNet and Alexa. Customers can access routine banking services such as balance enquiries, account statements, mini statements, debit card services, cheque book requests, bill payments, fund transfers, mobile recharges and other guided banking journeys.

In FY 2025-26, monthly query volumes through Feddy crossed the 4 Lakh per month milestone in March 2026, with 93% load handling for eligible queries relating to balances and statements. This facilitated faster self-service resolution and reduced dependence on assisted channels for routine enquiries.

Social and Relationship Capital (Continued)

Feddy provides non-banking service-related responses in 14 Indian languages through Bhashini. Live-agent handoff, support portals, dashboards and content-management processes provide mechanisms for periodic review of customer responses. The service capability was extended during the year with the introduction of FASTag services through Feddy on WhatsApp. Customers can check FASTag balances, download statements, recharge FASTag wallets and apply for a Federal Bank FASTag through the conversational interface.

Digital access to account statements, FASTag statements, balance information and other service-related information also contributes to a paper-light servicing model. Feddy delivers approximately 50,000-60,000 account statements and around 60,000 account balance responses every month, facilitating digital servicing of routine customer requirements.

Online and Email Support

The Bank provides dedicated email IDs for customers, enabling them to reach out for support, queries and feedback. These contact details are prominently published on the Bank's official website to ensure easy accessibility and awareness among customers.

24x7 Telephone Support

The Bank has established dedicated 24x7 toll-free helpline numbers to ensure customers can access support at any time. These round-the-clock contact channels enable customers to seek assistance, raise queries, register complaints, or provide feedback conveniently, regardless of time or location.

In-person Assistance

The Bank provides in-person support to customers through its branch network, where trained staff are available to assist customers with a wide range of banking needs. During branch visits, customers receive direct, personalized assistance for transactions, service requests, query resolution, and grievance redressal.

Internal Ombudsman and Customer Grievance Redressal

Customer relationships are often defined by the manner in which issues are resolved rather than the absence of issues themselves. Complaint handling therefore forms an important component of service quality, accountability and customer confidence across banking channels. The Internal Ombudsman provides an independent review mechanism for complaints rejected partially or fully by the Bank, with particular attention to cases involving unauthorised transactions, phishing incidents, malware attacks and inadvertent data sharing events.

40.15 Lakh

Queries were received by Feddy during FY 2025-26

Customer Grievance Redressal

1,68,101

Total customer complaints received (Including RBI Ombudsman complaints)

98.67%

Customer complaints (other than digital transaction disputes) resolved within TAT. 2,931 customer complaints pending at year-end which is inclusive of digital transaction disputes.

2,306

Maintainable complaints received from Offices of the RBI Ombudsman

Closing the Customer Feedback Loop

The Bank follows a structured, closed loop approach to incorporate customer feedback into service development. Feedback is collected across multiple channels such as branches, contact centres and digital platforms, for analysis to identify trends and root causes. Insights are then shared with relevant business and to drive process improvements and service enhancements.

Banking Without Barriers

The Bank has implemented multiple accessibility initiatives to support senior citizens and differently abled customers, including doorstep banking services for essential transactions, reserved seating and priority assistance at branches. These efforts are further strengthened through staff sensitization programs, formation of an advisory committee on accessibility, and the Bank is also actively working on implementing accessibility standards across digital and physical service delivery channels to ensure inclusive and barrier-free banking for all customers.

Complaint Handling and Resolution

Our grievance redressal process provides customers with a structured mechanism to register and track complaints. Whenever a complaint is registered, an acknowledgement is automatically sent to the customer together with a reference number for tracking. Timelines for complaint resolution are specified in the Bank's Grievance Redressal Policy, available on our website. We also conduct periodic customer awareness campaigns to inform customers about the grievance redressal process and applicable resolution timelines.

Institutional and Embedded Banking Relationships

Our Digital Team works closely with institutions to design payment journeys that align with their operating requirements, whether through ERP integrations, digital fee collection platforms, donation management systems or merchant payment solutions. Several relationships that began with a single use case expanded into broader banking engagements following successful implementation and operational performance.

St. Vincent Convent Senior Secondary School
Balasore, Odisha

The school initiated its transition to Federal Bank in December 2025 following operational challenges with its previous banking arrangement, particularly around payment delays and reconciliation mismatches that affected day-to-day operations. Working closely with the institution, our Digital Team facilitated the migration of payment operations onto Federal Bank's platform while ensuring continuity of services throughout the transition process. The implementation delivered a stable payment environment with no customer complaints reported during the year, supported by coordinated execution and ongoing operational assistance from our teams.

MOCCB Group School
Mumbai, Maharashtra

Our relationship with MOCCB Group School began with the digitisation of donation collections associated with church activities. The successful implementation of the collection platform and the operational support provided during the engagement established confidence in the underlying technology infrastructure and service model. Building on this experience, the institution subsequently expanded the relationship to include student fee collection services. Migration from the previous banking arrangement was completed without disruption to institutional operations, creating a unified digital collection framework across multiple payment streams.

Auxilium School
Bengaluru, Karnataka

Auxilium School partnered with us to digitise and simplify fee collection processes for students and parents while improving transparency and reconciliation efficiency for administrators. Our Digital Team implemented a payment framework integrated with Federal Bank's banking infrastructure, allowing secure transactions, simplified collections and improved visibility across payment flows. Consistent operational support and timely resolution of routine requirements supported adoption across stakeholders and contributed to the smooth functioning of the platform.

Kristu Jayanti University
Bengaluru, Karnataka

Kristu Jayanti University partnered with our Digital Team to integrate digital payment capabilities within KJUSYS, the University's in-house ERP platform developed by its Software Development Centre. Close collaboration between institutional teams and our implementation specialists accelerated approvals and integration activities, enabling timely deployment within the existing technology environment. The platform now supports end-to-end online fee payments for students and applicants while reducing manual intervention in collection and reconciliation processes.

BLR Room
Thane, Maharashtra

BLR Room, one of Thane's emerging café formats with average daily footfalls of approximately 150 customers, partnered with our Digital Team to digitise payment and checkout experiences across its kiosk-based ordering environment. The implementation integrated digital payments directly into the ordering workflow, enabling digital order booking and reducing dependence on cash transactions during peak operating periods. The solution improved transaction visibility and strengthened reconciliation processes while supporting a smoother checkout experience for customers.

Social and Relationship Capital (Continued)

Investor and Stakeholder Engagement

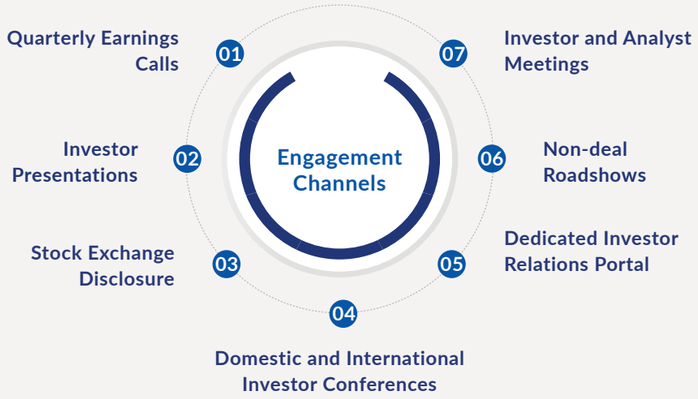
We engage with shareholders, analysts and the broader investment community through structured communication channels designed to support transparency, accessibility and timely dissemination of information.

Quarterly financial disclosures, investor presentations and earnings calls formed the cornerstone of our investor engagement strategy during FY2025-26. These are supplemented by participation in investor conferences, brokerage-organised group meetings, analyst meetings, non-deal roadshows and direct interactions with institutional investors across domestic and international markets.

Senior management participates actively in these engagements, providing updates on business performance, operating trends and strategic developments. These interactions also provide valuable market perspectives and investor feedback, helping refine our communication approach and strengthening engagement with the investment community.

Accessible and Transparent Communication

We maintain a dedicated Investor Relations section on the Bank's website, serving as a comprehensive repository of financial results, annual reports, earnings call materials, investor presentations, stock exchange intimations and key statutory policies. Financial results and other material disclosures are disseminated to stock exchanges within prescribed timelines and made available to stakeholders through the website and other regulatory channels, in compliance with applicable requirements. The Bank follows robust communication protocols, including regulatory silent periods, to safeguard unpublished price-sensitive information and ensure fair, transparent and equitable access to information for all market participants.



Shareholder Service and Grievance Resolution

Shareholder requests relating to share transfers, dividends, transmission, dematerialisation and other investor services are managed through the Bank's Registrar and Share Transfer Agent and overseen by the Stakeholders' Relationship Committee of the Board.

100%
Shareholder Queries Resolved
(1,844 Queries Received)

100%
Shareholder Grievances Resolved
(20 Grievances Received)

10 Days*
Average Grievance/ Queries Closure Time

*Subject to receipt of complete documentation

Access our Investor Relations Portal

Scan the QR code for financial disclosures, investor presentations, earnings call materials and shareholder information.

Grievance Resolution Pathway



The grievance framework incorporates multiple channels including direct communication, the SEBI SCORES platform, stock exchange mechanisms and the SMART Online Dispute Resolution framework. Complaints are recorded, tracked and resolved through established workflows and escalation processes in accordance with applicable regulatory timelines.

Improving Investor Accessibility

During FY 2025-26, the Bank participated in Saksham Niveshak, a 100-day investor awareness initiative spearheaded by the Investor Education and Protection Fund Authority (IEPFA) under the Ministry of Corporate Affairs. The programme focused on enhancing investor awareness regarding unclaimed dividends, nomination facilities and KYC compliance requirements.

Through a series of shareholder outreach initiatives, the Bank encouraged investors to update their records, claim unclaimed dividends and access investor services seamlessly. These efforts reinforced our commitment to investor protection, improved accessibility to shareholder services and supported informed participation in the capital market ecosystem.

₹2.93 Crore
Unclaimed dividends released to shareholders



The strategic investment by Blackstone in FY 2025-26 marked an important milestone in the Bank's engagement with global investors and reflects confidence in our governance standards, business model and long-term growth trajectory. Beyond the investment itself, the relationship creates a platform for long-term strategic collaboration and reflects an alignment of long-term objectives between the Bank and one of the world's leading investment institutions. The partnership also combines the Bank's domestic franchise with Blackstone's global relationships and market insights, supporting deeper engagement with the broader institutional ecosystem over time.

Social and Relationship Capital (Continued)

Partnerships that Extend Our Reach

Our partnership ecosystem complements our physical and digital distribution capabilities by extending access to new customer segments, accelerating product delivery and expanding participation across banking and financial services value chains.

We work with fintechs, digital platforms, payment networks, remittance partners and technology providers to combine the reach and trust of our banking franchise with the agility and specialised capabilities of ecosystem participants. These collaborations support customer acquisition, product distribution, transaction processing and servicing across retail, commercial and NRI segments. The partnership model also enables faster market entry in emerging opportunity areas while maintaining prudent risk management and governance standards.

3%
of savings portfolio sourced through partnership channels

68%
of credit card business originated through co-branded partnerships

33%
of personal loan sourcing enabled through digital partnerships

90+
cross-border remittance partners globally

20.34%
remittance market share during FY 2025-26

48,143
Soundbox / QR merchant devices deployed

286
Number of MSME Beneficiaries under SCF Programme

20 Partners
Chanel Finance/OEM Partnership under SCF

Liability Partners

Instant Digital Loans

Cross Border remittance partners

Credit Cards

Gold Loan and Priority Lending

Support Systems

EMIs and Merchant Payments

Responsible Governance Across the Partnership Ecosystem

As our partnership ecosystem expands across customer acquisition, lending, payments, remittances and digital infrastructure, governance frameworks continue to evolve alongside it. The Bank maintains defined onboarding, due diligence and monitoring processes across partnership arrangements to support operational resilience, regulatory compliance and customer protection.

For fintech and technology partnerships, contractual safeguards, information security requirements and periodic reviews form part of the governance framework applied across the partnership lifecycle. Independent assessments and internal oversight mechanisms support ongoing compliance with applicable regulatory requirements relating to customer data management, technology risk and operational controls.

Communities snd Shared Prosperity

Our community investments are directed towards expanding access to education, healthcare, livelihoods and environmental infrastructure in regions and communities where institutional support remains limited. FY 2025-26 marked a shift towards a more structured and portfolio-led model of community investment, with flagship programmes accounting for a larger share of interventions and partnerships assuming a greater role in programme delivery and outreach.

Implementation continued through the Federal Bank Hormis Memorial Foundation (FBHMF), which remained the Bank's principal CSR implementation vehicle. While the governance framework and operating structure remained unchanged, FY 2025-26 saw a broader network of implementation partners, healthcare institutions and media organisations participate in programme delivery and awareness initiatives. Trustee induction aligned with changes in the CSR Committee ensured continuity of governance oversight and programme supervision.

1,01,295
Direct beneficiaries

11.04 Crore
Indirect Beneficiaries

₹93.49 Crore
CSR allocation

₹91.95 Crore
CSR expenditure (out of which ₹75.33 Crore is from FY 2025-26 allocation and ₹16.62 Crore from previous year unspents)

19
CSR Implementing Partners including Hospitals, Media partners, Radio partners and NGOs



₹24.05 Crore
Education

₹38.22 Crore
Healthcare

₹2.82 Crore
Environment / Climate

₹9.38 Crore
Livelihood / Rural Development

₹0.70 Crore
Digital Literacy / Community Digitisation



Measuring Community Impact

Impact assessment studies for four eligible CSR projects, as required under Rule 8(3) of the CSR Rules, 2014, were carried out during FY 2025-26 through independent agencies. The reports and executive summaries have been disclosed in the public domain.

Social and Relationship Capital (Continued)

Education and Youth Empowerment

Access to education influences employability, income mobility and long-term participation in the economy. Federal Bank's education initiatives are therefore directed towards reducing financial barriers to higher education, supporting professional aspirations and creating platforms that encourage leadership, dialogue and civic participation among young people. Our education portfolio span scholarships, student support programmes and youth engagement initiatives, with interventions designed to support students across different stages of their academic journey.

Federal Bank Hormis Memorial Foundation Scholarship Programme

The scholarship programme remains one of the Bank's flagship education initiatives and supports students pursuing higher and professional education across economically vulnerable households. The programme focuses on improving access to disciplines where the cost of education often becomes a constraint for deserving students.

FY 2025-26 saw the programme expand its academic coverage through the inclusion of B.Arch, BDS and BVSc courses, in addition to the existing courses such as MBBS, B.Tech, B.Sc Nursing, B.Sc Agriculture and MBA, thereby increasing support across architecture, dental sciences and veterinary sciences. Scholarship coverage also widened geographically, extending support across seven states and a broader mix of professional disciplines.

Speak for India

Speak for India provides a platform for students to engage in debate, public speaking and discussions on contemporary issues affecting society and the economy. The initiative seeks to promote critical thinking, communication skills and informed participation in public discourse while encouraging young people to articulate opinions and perspectives with confidence.

Student Empowerment for Environmental Development (SEED)

The SEED initiative supports students from disadvantaged backgrounds through educational assistance and targeted interventions designed to improve continuity in education and reduce the risk of academic discontinuation arising from financial constraints.

3,610
Scholarship applications received

500
Fresh Scholarships awarded

₹1,330 Lakh
Scholarship disbursement



Impact Story

Supporting Continuity in Professional Education

A 21-year-old MBBS student from Gujarat, Raghu secured support under the Federal Bank Hormis Memorial Foundation Scholarship Programme while pursuing his medical education at a state medical college. Shortly thereafter, his father suffered a severe brain stroke requiring immediate surgery, placing considerable financial pressure on the family and creating uncertainty around the continuation of his studies.

The scholarship support enabled Raghu to continue his medical education without interruption during a period of acute financial stress and reduced the need for additional educational borrowing. He is currently pursuing the second year of his MBBS programme and hopes to contribute to improving healthcare access in underserved communities in the future.

Healthcare and Wellness

Healthcare interventions are directed towards improving access to treatment, preventive care and medical support for vulnerable communities and underserved regions. The portfolio spans cancer care, screenings, blood donation, disability inclusion and healthcare infrastructure through partnerships with hospitals, healthcare institutions and implementation agencies across India.

15,419
Patients supported

11,177
Cancer screenings conducted

311
Blood donation drives organised

21,085
Volunteers participated

70,284
Lives impacted through blood component separation

Key Initiatives

Sanjeevani

Sanjeevani provides financial support for cancer diagnosis, treatment and medicines for patients requiring assistance during prolonged treatment cycles.

Preventive Healthcare and Screening

Screening programmes seek early identification and diagnosis, allowing timely medical intervention and treatment support.

Blood Donation Initiatives

Blood donation drives mobilise employees, customers and local communities to support healthcare institutions and emergency medical requirements.

Disability Inclusion

Interventions include mobility assistance, livelihood support for differently-abled youth and specialised facilities designed to improve accessibility and inclusion.

Healthcare Access in Underserved Regions

Projects in remote and underserved geographies seek to improve access to healthcare services and medical infrastructure.



Healthcare Partnerships

Healthcare programmes were delivered in partnership with:

- Tata Cancer Care Foundation, Tirupati
- Christian Medical College, Vellore
- Sir H. N. Reliance Foundation Hospital & Research Centre, Mumbai
- Caritas Hospital, Kottayam
- Basavatarakam Indo American Cancer Hospital & Research Institute, Hyderabad
- Sri Shankara Cancer Hospital & Research Centre, Bengaluru
- MVR Cancer Centre & Research Institute, Kozhikode
- Bhatia Hospital, Mumbai
- Assam Cancer Care Foundation, Guwahati

Project Spotlight

Extending Healthcare Access

Healthcare support during FY 2025-26 extended into several underserved and geographically challenging regions. Through the Assam Cancer Care Foundation, support reached patients across Barpeta, Darrang, Jorhat, Tezpur, Lakhimpur, Kokrajhar, Diphu and Silchar in Assam. The Bank also supported the deployment of an ambulance in Aizawl, Mizoram, where difficult terrain and distance can influence access to healthcare services and patient transport. A similar intervention was supported in Ranchi, Jharkhand, extending healthcare infrastructure support into tribal and underserved regions.

Social and Relationship Capital (Continued)

Livelihood and Skill Development

Livelihood interventions focus on employability, workforce participation and income generation opportunities across youth, women and economically vulnerable communities. Programmes are designed around industry-linked skilling, placement support and self-employment opportunities, with emphasis on creating pathways into formal employment.



3,223
Youth trained

2,730
Placements secured

84%
Placement rate

11,500+
Youth trained (Since Inception)

9,900+
Placements facilitated (Since Inception)

2,016
Women Trained in FY 2025-26

Key Initiatives

Federal Skill Academies

The Federal Skill Academy network provides placement-linked vocational training across sectors including finance, accounting, retail and service industries. Training programmes are aligned to employer requirements and supported through industry partnerships and placement networks.

Women Empowerment Programmes

Focused interventions seek to improve workforce participation and income generation opportunities among women through employability and entrepreneurship initiatives.

Tailoring and Self-employment Programmes

Tailoring programmes support self-employment opportunities and household income generation across rural and semi-urban communities.

Programme Footprint

Training centres operated across Kerala, Karnataka, Tamil Nadu, Andhra Pradesh, Haryana, Maharashtra and Assam, providing access to employability programmes across diverse geographies and communities.

Impact Story

Creating Pathways to Formal Employment

A participant from Idukki district in Kerala enrolled in the Financial Accounting and Tally programme conducted through the Federal Skill Academy network. Following completion of the programme, she secured employment with EXL Service, translating vocational training into formal sector employment and long-term career opportunities.

Environment and Rural Development

Environmental initiatives focus on practical interventions that contribute to cleaner communities, improved public infrastructure and responsible resource use. The portfolio spans renewable energy, sanitation, waste management and environmental awareness programmes across urban and rural locations.

60,468
Trees planted

160 kWp
Solar capacity supported

Geographic Reach

Projects were implemented across Kerala, Maharashtra, Tamil Nadu, Uttar Pradesh and Madhya Pradesh, supporting both urban and rural communities.

Key Initiatives

Renewable Energy Projects

Solar energy projects support access to clean energy while reducing dependence on conventional power sources across beneficiary institutions and communities.

Swachh Bharat Initiatives

Projects include sanitation infrastructure, waste collection systems and equipment supporting community cleanliness and public health.

Tree Plantation Programmes

Tree plantation activities contribute towards biodiversity conservation and environmental awareness across local communities.

Rural Infrastructure Support

Infrastructure projects are designed around local requirements and include sanitation equipment, waste management solutions and public utility assets.

Environmental Interventions Included

- Solar installations
- Road sweeping equipment
- Garbage collection vehicles
- Waste management infrastructure
- Community sanitation assets
- Environmental awareness programmes



Project Spotlight

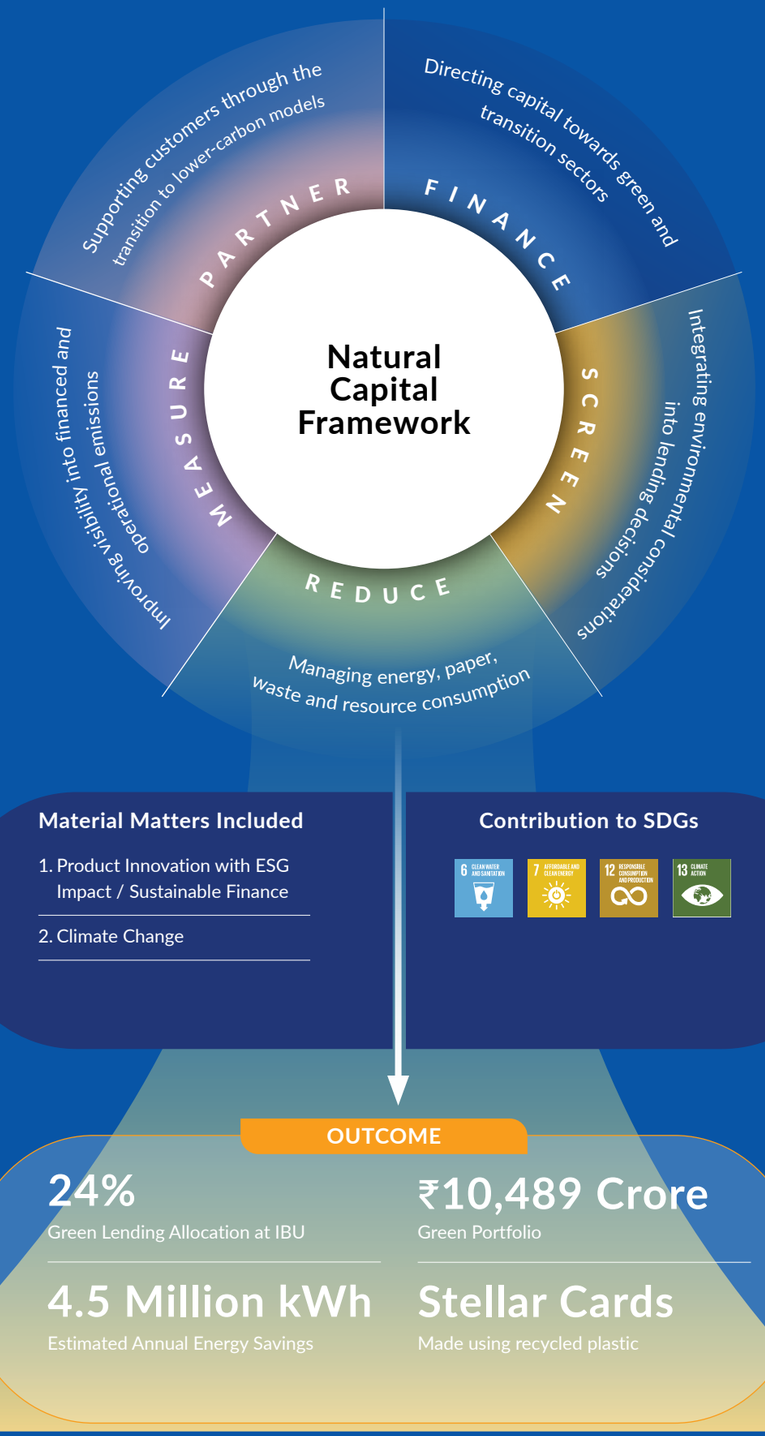
Supporting Community Infrastructure

Environmental interventions increasingly favoured infrastructure-led projects capable of generating long-term community benefits. Solar installations, sanitation assets and waste management infrastructure formed a major part of FY 2025-26 interventions across beneficiary institutions and local communities.



Natural Capital

Our Natural Capital agenda spans two dimensions: reducing the environmental impact of our own operations and directing capital towards activities that support a lower-carbon economy. During the year, this included growth in green financing, continued reduction in coal exposure, wider adoption of environmental and social screening frameworks and investments aimed at improving resource efficiency across operations. As climate considerations increasingly influence customer preferences, regulation and capital allocation, Natural Capital assumes growing importance in portfolio construction, risk management and long-term business growth.



Natural Capital (Continued)

Green Finance

The most significant environmental impact of a bank sits not within its own operations but within the activities it finances. Our green portfolio increased to ₹10,489 Crore as of March 2026 from ₹9,280 Crore a year earlier. This expansion also indicates a gradual broadening of sustainable finance beyond large corporates into MSMEs and mid-market businesses.

The International Banking Unit also exceeded regulatory expectations for sustainable lending. Against a regulatory requirement that 5% of incremental lending be directed towards green, social or sustainability-linked sectors, approximately 24% of lending qualified under these categories during the year, representing almost five times the prescribed threshold.

₹10,489 Crore

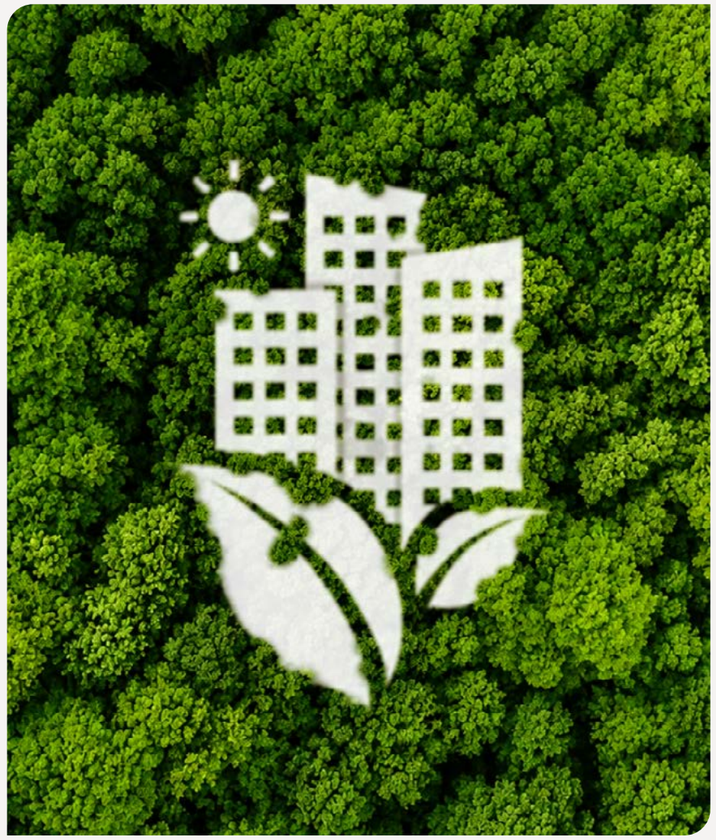
Green Financing Outstanding

₹12,460 Crore

Green Loan Book

$82,396,118.45

Climate-Linked / Sustainability-Linked Loans



Capital Allocation and Climate Risk

Federal Bank was the first bank in India to formally adopt a coal phase-out policy. The policy restricts financing for the establishment of new coal-fired power plants and coal mines, as well as the expansion of existing coal-based power generation and coal mining projects. Exposure to coal-related sub-projects as defined in ESMS policy stood at 0.35% of gross advances as of the end of FY 2025–26

Environmental and social considerations are embedded within sourcing and underwriting processes across Corporate and Commercial Banking businesses through the Environmental and Social Management System (ESMS). During the year, all Corporate and Commercial Banking proposals were screened under the framework, while IFC Performance Standards assessments continued for eligible borrowers receiving term funding.

Capital Allocation and Portfolio Construction

Portfolio decisions increasingly influence environmental outcomes. The movement away from high-carbon sectors and towards renewable energy, sustainable infrastructure and climate-aligned businesses is changing the composition of credit demand across industries. Lending policies therefore serve not only as risk management tools but also as mechanisms through which capital is allocated across the economy.

Clean Mobility

The transition towards lower-emission transport is creating new financing requirements across vehicle categories. Electric commercial vehicle and equipment financing disbursements increased to ₹253.19 Lakh during the year from ₹118.03 Lakh in FY 2024-25. While the commercial EV ecosystem remains in an early stage of development, growing customer adoption and wider manufacturer participation are gradually increasing financing opportunities within the segment. The Bank is also expanding partnerships with electric vehicle manufacturers to support future growth in this portfolio.

Resource Efficiency Across Operations

Operational emissions represent only a small portion of the Bank's overall environmental footprint; however, the Bank continues to focus on improving resource efficiency across its operations through targeted energy and water conservation initiatives.

The transition to energy-efficient lighting has been completed across all Bank offices, with 100% LED lighting now deployed, contributing significantly to lower electricity consumption and improved operational efficiency. In addition, the Bank has implemented inverter-based air conditioning systems using environmentally preferable refrigerants such as R32 and R410A for all new installations and replacement projects, thereby reducing energy consumption and minimizing environmental impact.

283.81 MT

Paper sheets saved in FY 2025-26

6.16 Lakh Units

Electricity produced till March 31, 2026 (Solar)

18.71 Tonnes

E-waste Disposed

To further optimise energy use, IoT-enabled energy management devices have been installed in air-conditioning units across approximately 350 ATM locations, enabling real-time monitoring and improved control of energy consumption. The Bank has also developed an in-house solar power generation capacity of 570 kW, increasing the share of renewable energy in its operations.

Resource efficiency measures extend beyond energy management. Rainwater harvesting systems with a cumulative storage capacity of approximately 1.39 Lakh litres have been installed across multiple locations. Further, Sewage Treatment Plants (STPs) at two office locations in Aluva provide a combined water recycling capacity of 55 kilolitres per day, supporting responsible water management and reuse practices. Additionally, in order to reduce water usage, the Bank uses signages in locations for using water judiciously.

The Bank continues to integrate sustainability considerations into its workplace infrastructure. During the year, 5.5% of the Bank's occupied area achieved IGBC Green Interior Certification, promoting efficient use of energy, water, and materials while enhancing occupant well-being. Additionally, electric vehicle charging infrastructure has been established at key office locations of the bank, supporting the transition towards cleaner mobility. These investments reflect the Bank's ongoing efforts to reduce its operational environmental footprint while improving long-term resource efficiency across its network.

Data, Disclosure and Measurement

The ability to measure environmental impact increasingly influences risk management and capital allocation decisions. The Bank has become a signatory to the Partnership for Carbon Accounting Financials (PCAF) and has begun internal assessments of financed emissions across selected asset classes. Work on financed emissions disclosures is expected to expand progressively over the coming years.

Scope 3 emissions reporting covers purchased goods and services, capital goods, waste generated in operations, business travel, employee commuting and leased assets, providing visibility into the Bank's wider environmental footprint.

Looking Ahead

We will continue to direct capital towards sectors and activities aligned with our environmental and social policies while maintaining restrictions on lending to activities included within our exclusion framework, including coal mining, new thermal power generation, oil and gas exploration and tobacco. We will also continue to strengthen environmental and social screening across lending decisions and portfolio management processes. As a signatory to the Partnership for Carbon Accounting Financials (PCAF), we intend to progressively expand disclosures relating to financed emissions in the years ahead.

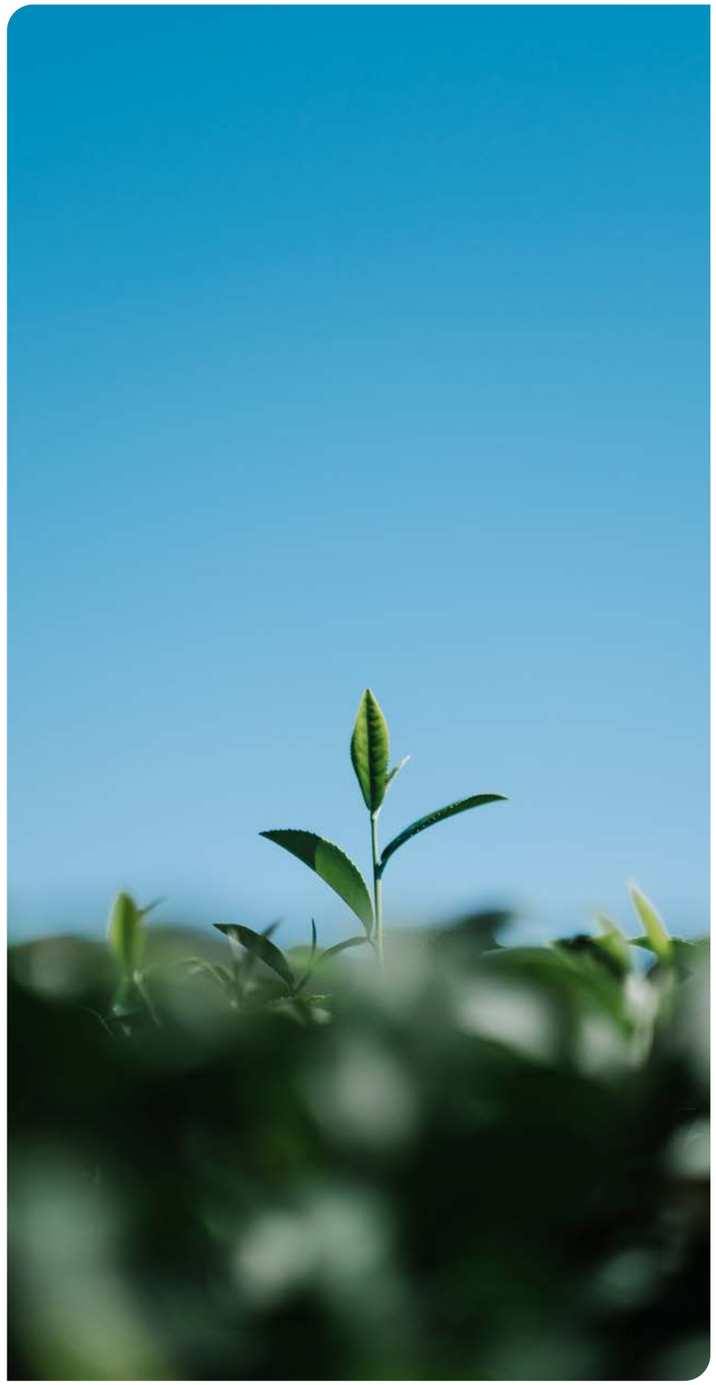
Natural Capital (Continued)

E&S: Due diligence for lending proposals

The Bank has a Board-approved Environmental and Social Management System (ESMS) Policy that mandates the screening of all lending proposals against the Bank's Exclusion List and requires Environmental and Social Due Diligence (ESDD) for all long-term wholesale banking exposures. Such ESDDs are conducted by experienced E&S specialists in accordance with the IFC Performance Standards and applicable regulatory requirements. For working capital facilities, the Credit Team ensures compliance with all relevant environmental and social laws and regulations.

The E&S due diligence process assesses a broad range of environmental, social, and governance (ESG) factors, including regulatory compliance, pollution prevention and waste management practices, climate and biodiversity risks, labour and working conditions, community impacts, occupational health and safety, governance standards, litigation history, and other material ESG-related incidents or concerns.

Based on the assessment findings, each proposal is assigned an appropriate E&S risk category. Where necessary, Environmental and Social Action Plans (ESAPs) are developed to address identified gaps and mitigate potential risks. The assessment outcomes are documented in an Environmental and Social Risk Memorandum, which forms an integral part of the Credit Appraisal Memorandum (CAM). The Environmental and Social Risk Memorandum is reviewed by the E&S Committee and/or the relevant sanctioning authority, as applicable, and its findings and recommendations are duly considered as part of the final credit approval and decision-making process.



Corporate Information

BOARD OF DIRECTORS

Elias George*
Part-time Chairman and Independent Director

Krishnan Venkat Subramanian
Managing Director and Chief Executive Officer

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

Harsh Dugar
Executive Director

Venkatraman Venkateswaran**
Executive Director

KEY MANAGERIAL PERSONNEL

Krishnan Venkat Subramanian
Managing Director and Chief Executive Officer

Harsh Dugar
Executive Director

Venkatraman Venkateswaran
Executive Director

Samir Pravinchandra Rajdev
Executive Vice President & Company Secretary

Manikandan M***
Vice President & Chief Financial Officer

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

M S K A & Associates, Chartered Accountants, Mumbai

REGISTRAR AND TRANSFER AGENT

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 TRUSTEE

IDBI Trusteeship Services Ltd,
Universal Insurance Building,
Ground Floor, Sir P.M. Road,
Fort, Mumbai – 400001

SUBSIDIARIES AND ASSOCIATE COMPANIES

Listed Subsidiary
Fedbank Financial Services Limited

Unlisted Wholly Owned Subsidiary
Federal Operations and Services Limited

Unlisted Associate
Ageas Federal Life Insurance Company Limited

* Took charge as Part-time Chairman of the Bank with effect from 23.05.2026.
**Appointed as Executive Director of the Bank with effect from 10.07.2025 and relieved from the role of Chief Financial Officer w.e.f. the close of business hours on 30.04.2026.
***Appointed as Chief Financial Officer of the Bank with effect from 01.05.2026.

Board's Report

To
The Members of
The Federal Bank Limited

Your Directors have pleasure in presenting the Ninety Fifth (95th) Annual Report of The Federal Bank Limited ("Bank") together with the Audited Financial Statements for the financial year ("FY") ended 31st March, 2026.

1. CORPORATE OVERVIEW

Your Bank continually strives to achieve breakthroughs across all areas and remains committed to reaching 'the next level', serving as a preferred partner for Personal, NRI, and Business banking across a growing customer base in both urban and rural India. The Bank's mantra is "Digital at the Core and Human at the Fore".

2. FINANCIAL HIGHLIGHTS

2.1 Consolidated:

(₹ in Crore)

	FY 2025-26	FY 2024-25
Total Income	34,272.42	32,030.25
Total expenditure, excluding provisions and contingencies	26,438.20	25,523.22
Operating Profit	7,834.22	6,507.03
Provisions and contingencies, excluding provision for tax	1,970.79	919.20
Profit Before Tax	5,863.43	5,587.83
Provision for Taxes	1,380.05	1,386.34
Profit After Tax	4,483.38	4,201.49
Less: Minority Interest	145.64	75.17
Add: Share in Profit of Associates	7.56	32.53
Consolidated Profit for the Group	4,345.30	4,158.85
Earnings per equity share:		
Basic (₹)	17.67	16.98
Diluted (₹)	17.48	16.80

2.2 Standalone:

(₹ in Crore)

	FY 2025-26	FY 2024-25
Total Income	32,135.77	30,166.50
Total expenditure, excluding provisions and contingencies	24,929.57	24,065.37
Operating Profit	7,206.20	6,101.13
Provisions and contingencies, excluding provision for tax	1,836.67	733.06
Profit Before Tax	5,369.53	5,368.07
Provision for Taxes	1,252.21	1,316.18
Profit After Tax	4,117.32	4,051.89
Add: Surplus brought forward from the previous year	8,755.10	7,048.02
Amount available for appropriation	12872.42	11,099.91
Appropriations:		
Statutory Reserve under Section 17 of the Banking Regulation Act, 1949	1,029.33	1,012.97
Transfer to Capital Reserve	66.22	83.55
Transfer to Special Reserve	205.49	195.65
Transfer to Investment Fluctuation Reserve Account	56.40	151.93
Transfer to Revenue Reserves	616.21	606.72
Dividend pertaining to previous year paid during the year	295.04	294.00
Surplus carried to Balance Sheet	10,603.73	8,755.10
Financial Position		
Deposits	3,13,909.39	2,83,647.47
Advances	2,64,594.37	2,34,836.39

(₹ in Crore)

	FY 2025-26	FY 2024-25
Total Business (Deposits + Advances)	5,78,503.76	5,18,483.86
Other Borrowings	21,159.13	23,726.30
Investments	76,676.21	66,245.61
Total Assets (Balance Sheet Size)	3,87,521.49	3,49,004.80
Equity Capital	492.86	491.17

2.3 Key performance indicators

Key performance indicators	FY 2025-26	FY 2024-25
Interest Income as a percentage to Working Funds* (%)	7.77	8.02
Non-interest income as a percentage to Working Funds* (%)	1.25	1.16
Cost of Deposits (%)	5.56	5.90
Net Interest Margin (%) **	3.24	3.13
Operating Profit$ as a percentage to Working Funds* (%)	2.02	1.86
Return on Assets [Based on Average Working Fund] *(%)	1.15	1.23
Business (Deposits less inter-bank deposits plus advances) per employee (Amount in ₹ Crore) ***	34.02	32.74
Profit per employee (Amount in ₹ Crore) ***	0.24	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

The Subsidiaries and the Associate Companies of the Bank continued to deliver steady performance. The Consolidated Net Profit attributable to the group for FY 2025-26 is Rs 4,345.30 Crore as against Rs 4,158.85 Crore in FY 2024-25.

4. SUBSIDIARIES AND ASSOCIATE

As on March 31, 2026 the Bank has the following Subsidiaries and Associate company:

Sl. no.	Name of the subsidiary / associate company	Subsidiary/ associate	Business activity	% of shares held by the Bank
1	Federal Operations and Services Limited	Subsidiary	The Company is engaged in the back office operational services for the Bank	100%
2	Fedbank Financial Services Limited	Subsidiary	Marketing of Bank's own products and lending against gold and property.	60.79%
3	Ageas Federal Life Insurance Company Limited	Associate	Life Insurance Co. regulated by IRDA.	30%

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 with effect from December 01, 2018.

FedServ's Board of Directors comprises of the following five directors as on March 31, 2026:

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

During the year ended on March 31, 2026, FedServ has taken significant operational activities of the Bank. The Company provides services in respect of the operational activities of The Federal Bank Ltd. The Company has taken over 219 operational activities during the period up to March 31, 2026. The Company neither deals in loans and

advances nor accepts deposits. FedServ is operating from Five locations: - Kochi in Kerala, Visakhapatnam in Andhra Pradesh, Bengaluru in Karnataka, Indore in Madhya Pradesh and Coimbatore in Tamil Nadu.

The Total revenue of FedServ for the year ended on March 31, 2026, was Rs 135.03 Crore of which Rs 133.62 Crore pertains to services provided by the Company to the Bank and Rs 1.41 Crore relates to the indirect incomes. The Net Profit before tax of FedServ stood at Rs 12.30 Crore for the year ended on March 31, 2026. The Net worth at the beginning of the year was Rs 33.67 Crore and closing net worth as on March 31, 2026, was Rs 39.44 Crore.

The Profit after tax of the Company for the year ended March 31, 2026, increased to Rs 11.19 Crore from Rs 7.91 Crore for the year ended March 31, 2025. The total assets of the Company increased to Rs 48.82 Crore as on March 31, 2026, from Rs 44.06 Crore as on March 31, 2025.

FedServ helps the Bank in serving the customers better and reducing the cost of operations significantly. FedServ also helps 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.

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 has 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 and has broadened its geographical presence by establishing new branches across India providing multiple loan products to various segments of borrowers. With the opening of 148 branches during the year, the branch network has now reached to 757 branches as on March 31, 2026 across 17 states and union territories for multiple products.

Fedfina's Board of Directors comprises of the following ten directors as on March 31, 2026:

- 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 have been affirmed 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, 2026 has increased to INR 2,22,661 lakhs as against INR 2,07,982 lakhs for the previous year ended March 31, 2025. Similarly, Net Interest Income (NII) grew by 14.8 % from INR 1,07,081 Lakhs in FY25 to INR 1,22,974.66 Lakhs this year. The revenue increased by 7 % on the back of growth of 23 % in loan book during the year. The net profit of the Company increased by 53 % to 34,360 lakhs for the financial year ended March 31, 2026, as against Rs 22,518 lakhs for the financial year ended March 31, 2025. The Net worth of Company at the beginning of the financial year, that is, April 1, 2025, was Rs 2,54,736 lakhs and closing Net worth of Fedfina as on March 31, 2026, was Rs 2,92,610 lakhs.

As of March 31, 2026, the AUM increased by 27.5% compared to FY 2024-25, reaching Rs 20,153 Crore while disbursements improved by 67.2% to Rs 31,410 Crore.

Over the past year, Rs 2,12,665 lakhs of the Gold loan AUM was through co-lending, and Fedfina conducted portfolio sell-down transactions totalling Rs1,69,448 lakhs. At the end of the year, 28 % of the AUM was off the books.

Matter Reported in the Auditors' Report of Fedfina: The Board noted the observation in the Statutory Auditor's Report of Fedfina for FY 2025-26 regarding the non-enablement of the audit trail (edit log) feature in certain software applications used for maintaining books of account. The Board was informed by the management of Fedfina that the issue was limited to the Ind AS adjustment process and was rectified before the year end through necessary system changes. The Board noted the corrective action taken by the management.

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

4.3 Associate Company

As on March 31, 2026, the Bank has one Associate Company named Ageas Federal Life Insurance Company Limited.

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 Life Insurance Company Limited (formerly IDBI Federal Life Insurance), commenced operations in March 2008. As on March 31, 2026, the Bank held a total investment of ₹ 240 crore in the equity capital of the Company, representing a 30% stake. The total premium collected by Ageas Federal Life Insurance Company Limited during the period ended March 31, 2026, was ₹ 3,664 crore.

On the financial front, the Company reported a net profit after tax of ₹ 28.82 crore in FY 2025–26, marking its 14th consecutive year of profitability. The total premium increased by 19% to ₹ 3,664 crore in FY 2025–26 from ₹ 3,073 crore in FY 2024–25.

As on March 31, 2026, Mr. Venkataraman Venkateswaran and Mr. Virat Diwanji served as Non-Executive Directors on the Board of Ageas Federal Life Insurance Company Limited.

During FY 2025–26, the Bank acquired an additional 4% equity stake in the Company, increasing its shareholding to 30%. The remaining 70% stake in the Company is held by Ageas Federal Life Insurance.

The Consolidated Financial Statements of the Bank along with its Subsidiaries and Associate Company prepared for the financial year 2025-26 forms part of this Integrated Annual Report.

The financial position and performance of the Bank's Subsidiaries & Associate are given in **Form AOC-1** -Statement containing salient features of the financial statements of the Subsidiaries/Associate Companies/Joint Venture which forms part of this Integrated 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.federal.bank.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.federal.bank.in. The said documents have also been hosted on the website of the Subsidiary Companies of the Bank 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 financial highlights are listed below:

(i) The Total Business (Total Deposit + Net Advances) crossed ₹ 5.79 Lakh Crore

(ii) The Total Deposit & Advances (Net) stood at ₹ 3.14 Lakh Crore & ₹ 2.65 Lakh Crore respectively.

(iii) CASA stood at ₹ 1.03 Lakh Crore, crossing ₹ 1 Lakh Crore for the first time.

(iv) Net Profit Crossed ₹ 4,117 Crore

(v) Recorded decadal best Asset quality ratios, NNPA at 0.20 % & GNPA at 1.62 %.

During the year under review, CRAR of the Bank has increased to 17.25% for the FY 2025-26 as against 16.40% in the previous year, after considering dividend @ 60% of paid-up capital. Net worth has improved to ₹ 38,690.54 Crore from ₹ 33,121.64 Crore. Total Debts to Total Assets is at 5.46%.

As on March 31, 2026, Net Advances increased by 13% to ₹ 2,64,594.37 Crore as compared to ₹ 2,34,836.39 Crore as March 31, 2025. As per internal classification, Corporate & Institutional Banking grew by 8% & Commercial Banking at 26% on Year-on-Year basis. Retail Book up by 9% with 1% growth in Core Retail segment, 3% growth in Agri and Allied segment, 6.5% growth in Business Banking segment, 25% growth in Commercial Vehicle/ Construction Equipment segment, 26% growth in gold loan segment & 6% 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 excludes IBPC/ BRDS.)

With the expanding network of banking outlets & customers, the Total Deposits grew further from ₹ 2,83,647.47 Crore as on March 31, 2025, to ₹ 3,13,909.39 Crore as on March 31, 2026, registering a growth of 11%. The Current Account & Savings Account ('CASA') deposits have recorded an increase of 21% from ₹ 85,757.19 Crore as on March 31, 2025, to ₹ 1,03,390.30 Crore as on March 31, 2026. Net Investments increased by 16% to ₹ 76,676.21 Crore as on March 31, 2026 from ₹ 66,245.61 Crore as on March 31, 2025.

During the FY under review, the Total Income of the Bank has increased by 7% to ₹ 32,135.77 Crore as against the total income of ₹ 30,166.50 Crore for FY 2024-25. The Net Profit of the Bank grew by 2% to ₹ 4,117.32 Crore as against ₹ 4,051.89 Crore in the previous year. Operating profit for the year ended increased by 18% to ₹ 7,206.20 Crore from ₹ 6,101.13 Crore. The Net interest margin for the year increased to 3.24% from 3.13% in the previous year. Consequently, Return on Average Equity ('ROAE') is at 11.47% for FY 2025-26 & Return on Average Asset ('ROAA') stood at 1.15% for FY 2025-26. Correspondingly, Basic earnings per share ('EPS') increased from ₹ 16.54 in FY 2024-25 to ₹ 16.74 for FY 2025-26 whereas diluted earnings per share ('DEPS') is up from ₹ 16.37 to ₹ 16.56

5.2 Asset Quality

The Gross NPA of the Bank as on March 31, 2026, stood at ₹ 4,335.29 Crore and Gross NPA as a percentage to Gross Advances is at 1.62%. The Net NPA stood at ₹ 529.25 Crore & Net NPA percentage is at 0.20% as on March 31, 2026. The Provision Coverage Ratio (excluding technical write offs) stood at 87.07% as on March 31, 2026.

5.3 Outreach of Bank presence & network

During the year under review, the Bank added 51 new banking outlets, taking its total network to 1,640 outlets as on March 31, 2026. Out of the total banking outlets, 310 are in metros, 234 are in rural, 780 in semiurban & 316 in urban centres. Apart from above, the Bank has 2,112 ATMs/ Recyclers as on March 31, 2026. 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 financial year under review. Further information on the business overview & outlook/state of the affairs of the Bank is disclosed in detail in the Management Discussion & Analysis Report which forms part of this Annual Report.

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

There were no material changes and commitments affecting the financial position of the Bank, between the end of the financial year to which the financial statements relate and the 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.federal.bank.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 29, 2026, 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 95th Annual General Meeting (AGM). The record date for payment of dividend is mentioned in the notice of the ensuing 95th 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, 2026. Further, shares issued on exercise of stock options after March 31, 2026, 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 further details, shareholders are requested to refer to the Notice of the 95th Annual General Meeting of the Bank.

7. CAPITAL STRUCTURE & FUND RAISING

7.1 Share Capital

Consequent to the allotment of equity shares pursuant to the exercise of stock options under the Employee Stock Option Scheme (ESOS), the paid-up equity share capital of the Bank increased from ₹ 491.16 crore as at March 31, 2025 to ₹ 492.86 crore as at March 31, 2026, representing an increase of ₹ 1.70 crore. The equity shares allotted pursuant to exercise of stock options under the ESOS rank pari passu in all respects with the existing equity shares of the Bank.

During the year, the Bank has issued and allotted 27,29,74,043 warrants by way of preferential allotment on a private placement basis to Asia II Topco XIII Pte. Ltd., on receipt of 25% of the warrant price of ₹ 227 per warrant, aggregating to ₹ 1,549.13 Crore. Each warrant carries the right to subscribe to one fully paid up equity share of the Bank having a face value of ₹ 2 per share, upon exercise, by paying the remaining 75% within 18 months of allotment.

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, 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 and The Federal Bank Limited Employee Stock Option Scheme 2025 (ESOS 2025) and The Federal Bank Limited Employee Stock Incentive Scheme 2025 (ESIS 2025) on August 29, 2025.

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, 23,14,750 options during the year 2024-25 and 6,95,000 options during the year 2025-26. 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 2026, 3,32,965 options had been exercised and as on March 31, 2026, 79,28,535 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, 49,9800 options during the year 2024-25 and 6,80,000 options during the year 2025-26. 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 2026, 81,20,326 options had been exercised and as on March 31, 2026, 3,03,33,669 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 and 14,82,000 options during the year 2025-26. 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, 2026, no option had been exercised, and 15,03,500 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 12,00,000 options during the year 2024-25 and 29,72,800 options during the year 2025-26. 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. As on March 31, 2026, no option had been exercised, and 41,61,800 options were in force.

Other statutory disclosures as required 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.federal.bank.in/web/guest/shareholder-information.

7.3 Debt capital

As on March 31, 2026, the Bank has an outstanding of 1,51,695 units rated, unsecured, redeemable, non-convertible, Basel III compliant tier II subordinated bonds aggregating to ₹ 3,195 Crore.

7.4 Capital Adequacy Ratio

The Bank's overall Capital Adequacy Ratio (CAR) under Basel III stood at 17.25 % at the end of fiscal 2026, well above the benchmark requirement stipulated by the RBI. Of this, the common equity tier I (CET I) CAR was 15.93% and tier II CAR under Basel III stood at 1.32%.

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.

In compliance with the aforesaid statutory requirements, the unclaimed/unpaid dividend pertaining to the financial year 2017–18, amounting to ₹ 60,15,055/-, which remained unclaimed for a continuous period of seven years, has been duly transferred by the Bank to the IEPF. Further, the unpaid/unclaimed dividend relating to the financial year 2018–19 is due for transfer to the IEPF during the financial year 2026–27, within the prescribed timelines.

The Bank, with a view to safeguarding the interests of its shareholders and ensuring awareness of their rights, periodically sends reminders to shareholders to claim their unclaimed dividend amounts and corresponding shares prior to their transfer to IEPF. Shareholders may note that any unclaimed dividends and the corresponding shares transferred to the IEPF, together with all benefits accruing thereon, if any, can be reclaimed by following the procedure prescribed under the applicable rules. Members are, therefore, advised to lodge their claims with the Bank in respect of such dividends well before the due date, failing which the same shall be transferred to the IEPF in accordance with the provisions of the Companies Act, 2013 and the rules framed thereunder. The detailed schedule of due dates for such transfers is set out in the Corporate Governance Report.

In accordance with the IEPF (Accounting, Audit, Transfer, and Refund) Rules, 2016, the Bank has uploaded and periodically updates on its website the details of unpaid and unclaimed dividends at https://www.federal.bank.in/unclaimed-unpaid-dividend.

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 such transfer, all corresponding benefits accruing on such shares, including but not limited to dividends, bonus shares, stock splits, and consolidations, if any, shall stand credited to the account of the IEPF. Further, the voting rights attached to such shares shall remain frozen until the rightful claimant reclaims the shares in accordance with the procedure prescribed under the IEPF Rules.

Accordingly, 3,60,270 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. Additionally, the Bank has not transferred or hold any Equity shares in the Demat suspense account or unclaimed suspense account.

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.federal.bank.in/unclaimed-unpaid-dividend

9. CAPITAL EXPENDITURE

As on March 31, 2026, the Gross Fixed Assets at cost stood at Rs 3,412.43 Crore and net fixed assets (cost less accumulated depreciation) at Rs 1,472.52 Crore. Fixed assets additions during the year amounted to ₹ 243.01 Crore.

10. FUTURE PROSPECTS

Building on an eventful initial year of Breakthrough, the Bank aims to continue rebalancing its balance sheet to enhance operational efficiency while navigating an environment of uncertainty. The success of various breakthrough initiatives has established a strong foundation, enabling the Bank to shape and transition confidently into a new phase of growth and transformation. This transformation will be underpinned by the Bank's core ethos of responsible growth, while steadfastly upholding its commitment to the environment and the interests of all stakeholders, alongside the continued enhancement of shareholder value.

11 AWARDS AND ACCOLADES

The Bank has received several prestigious awards and recognitions from various revered institutions during the FY 2025-26 which have been disclosed in Page 28 of the Annual report. The awards and accolades are also disclosed in the website at https://www.federal.bank.in/awards-accolades

12. LISTING

The Equity Shares of the Bank continue to remain listed on BSE Limited and the National Stock Exchange of India Limited (NSE). The Global Depository Receipts (GDR's) of the Bank are listed on the London Stock Exchange (LSE).

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 the Bank as on March 31, 2026, are as follows:

Instruments	Rating assigned	Rating Agency
Short Term Fixed Deposit	CRISIL A1 +	CRISIL Ratings Limited
Certificate of Deposits	CRISIL A1+	CRISIL Ratings Limited
Basel III Tier 2 Debt	IND AA+	India Ratings and Research Private Limited
Tier II Bonds (Under Basel III)	CARE AA+	CARE Ratings Limited
Fixed Deposits	CRISIL AAA	CRISIL Ratings Limited
Issuer rating	CARE AA+	CARE Ratings Limited
Infrastructure Bonds	CARE AA+	CARE Ratings Limited
Infrastructure Bonds	IND AA+	India Ratings and Research Private Limited

15. ANNUAL RETURN

The Annual Return for the Financial Year ended March 31, 2026 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.federal.bank.in/shareholder-information.

16. SECRETARIAL STANDARDS

The Bank is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) and approved by the Central Government under Section 118(10) of the Act for FY 2025-26.

17. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Pursuant to the provisions of Section 186(11) of the Act, the provisions of Section 186 of the 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 and are exempted from the disclosure requirement under Section 134 (3)(g) of the Act.

The particulars of investments made by the Bank are disclosed in Schedule 8 of the Financial Statements.

18. BOARD OF DIRECTORS

18.1 Appointments/Re-appointment & Cessation of Directors & Key Managerial Personnel (KMP):

The appointment/re-appointment of Directors during the financial year under review and till the date of approval of this Directors Report is as follows:

- Mr Venkatraman Venkateswaran (DIN: 09227554) was appointed as Executive Director (KMP) on the Board of the Bank for a period of three (3) years with effect from July 10, 2025 which was subsequently approved by the members of the Bank at the 94th Annual General Meeting held on August 29, 2025.
- The members of the Bank at its 94th Annual General Meeting held on August 29, 2025 approved the Re-appointment of Ms. Varsha Purandare (DIN: 05288076) for second term for a period of 3 years from September 08, 2025.
- Mr. A P Hota (DIN:02593219) retired from the office of the Part Time Chairman & Independent Director of the Bank with effect from January 14, 2026, on completion of his tenure of eight years on the Board of the Bank.
- Mr. Harsh Dugar (DIN: 00832748) was re-appointed as the Executive Director (KMP) of the Bank for a period of 3 years from June 23, 2026 pursuant to RBI approval letter no. DoR.GOV.No.9538/08.38.001/2025-26 dated March 30, 2026 and the members of the Bank through postal ballot had also approved the re-appointment.
- The RBI, vide its letter DoR.GOV.No.1607/08.38.001/2026-27 dated May 22, 2026 accorded its approval for the appointment of Mr. Elias George (DIN:00204510), Independent Director, as Part Time Chairman of the Bank for a period of three years with effect from the date of taking charge. Accordingly, Mr. Elias George (DIN:00204510) took charge as the Part time Chairman of the Bank with effect from May 23, 2026.
- In accordance with the provisions of the Act and the Articles of Association of the Bank, Mr. Krishnan Venkat Subramanian (DIN: 00031794) Managing Director & Chief Executive Director of the Bank, is liable to retire by rotation at the ensuing 95th Annual General Meeting and being eligible, has offered himself for re-appointment.

The Board is of the opinion that the Independent Directors appointed on the Board of the Bank, 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 95th Annual General Meeting.

None of the Directors of the 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 (KMP) of the Bank as on March 31, 2026, is as follows:

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

**The RBI vide its letter DoR.GOV.No. 2798/08.38.001/2025-26 dated July 09, 2025 has given its approval for the appointment of Mr. Venkatraman Venkateswaran (DIN: 09227554) as Executive Director (Key Managerial Personnel) on the Board of the Bank for a period of three (3) years with effect from July 10, 2025 and was subsequently approved by the members of the Bank at the Annual General Meeting held on August 29, 2025.*

***The RBI vide its letter DoR.GOV.No.9538/08.38.001/2025-26 dated March 30, 2026 has given its approval for the re-appointment of Mr. Harsh Dugar (DIN: 00832748) as the Executive Director on the Board of the Bank for a period of three (3) years from June 23, 2026 and the members of the Bank through postal ballot had also approved the re-appointment.*

The changes in KMP during the financial year under review and till the date of approval of this Directors' Report is as follows:

- Mr. Venkatraman Venkateswaran* – Executive Director
- Mr. Manikandan M**- Chief Financial Officer (CFO)

**Mr. Venkatraman Venkateswaran (DIN: 09227554) relieved as Chief Financial Officer of the Bank with effect from close of business hours on April 30, 2026 and continues to serve as the Executive Director of the Bank.*

***The Board approved the appointment of Mr Manikandan M (FCA No: 234412) as Chief Financial Officer (Key Managerial Personnel) and Senior Management Personnel of the Bank pursuant to the provisions of Section 203 of the Companies Act, 2013 and regulation 16(1)(d) of SEBI(LODR) Regulations. with effect from May 01, 2026.*

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 have 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 Committee, Special Committee of the Board for monitoring and follow up of cases of frauds, Information Technology & Operations Committee, Human Resource Committee, Corporate Social Responsibility Committee and the Review Committee of the Board on Identification of Wilful Defaulters and the number of meetings of the Board and its committees held during the year under review and other related details are set out in the Corporate Governance Report which forms part of this Integrated Annual Report.

20. AUDIT COMMITTEE OF THE BOARD (ACB)

The composition, role and functions of the ACB is provided in the Report on Corporate Governance, which forms part of this Integrated Annual Report. During financial year 2025-26, the Board has accepted all the recommendations made by the ACB and hence, no further explanation towards this is required to be provided, in this Report.

21. 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 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.

The updated Compensation Policy of the Bank is available on the Bank's website at www.federal.bank.in/documents/10180/816529059/Comprehensive+Compensation+Policy.pdf/d845a44c-33d8-fd0d-9c35-1ffef66de995?t=1713416984471

22. 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 various Committees of the Board for the year under consideration.

The Bank had engaged Egon Zehnder, an external agency, to conduct a comprehensive performance evaluation of individual Directors, Committees and the Board as a whole.

The parameters for evaluation of the performance of the Board, its Committees, individual Directors and the Chairperson are provided in the Code of Corporate Governance of the Bank which can be accessed on the Bank's website at https://www.federal.bank.in/shareholder-information#governance-policies

23. FAMILIARIZATION PROGRAMMES FOR INDEPENDENT DIRECTORS

The details of familiarization programmes for FY 25-26 are disclosed on the Bank's website, www.federal.bank.in/shareholder-information.

24. ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) PRACTICES

The Bank's ESG framework is given in the Corporate Governance Report which forms part of this Integrated Annual Report. Details of the ESG initiatives undertaken by the Bank during the Financial Year is included in the Integrated Annual Report as part of the ESG section/Business Responsibility and Sustainability Report.

25. CORPORATE SOCIAL RESPONSIBILITY

The Bank has been formally undertaking Corporate Social Responsibility (CSR) activities well before the provision of CSR under Companies Act, 2013 which had come into effect. With the introduction of Section 135 of the Act making CSR mandatory, the Bank extended its ambit of activities to undertake interventions in identified directly 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 composition of the CSR Committee, CSR policy and projects / programs approved by the Board are available on the website of the Bank at www.federal.bank.in.

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, 2026, 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.

26. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In compliance with Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, a 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 Integrated Annual Report.

27. 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 the 9 principles of the National Guidelines on Responsible Business Conduct, 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).

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.

28. 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. The 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 Integrated 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.

In line with Companies Act 2013, sharholders approval is required for altering the Bank's MOA & AOA.

In line with Companies Act 2013, a Director can be held personally liable without any limitation of liability as may be prescribed by law.

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

29. RELATED PARTY TRANSACTIONS

All related party transactions entered into during the financial year were at arm's length basis and in the ordinary course of business except the transaction mentioned in AOC -2 which is annexed as **Annexure -B**. During the year under review, the Bank has not entered into any materially

significant transaction with its related parties, which could lead to a potential conflict of interest between the Bank and these parties.

All Related Party Transactions were placed before the Audit Committee of the Board for approval/ratification. 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.federal.bank.in/our-commitments

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

30. 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 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 MD & 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 IARCE 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 IARCE. A team of executives at Internal Audit Department called the "Special Surveillance Cell" meet at least once in a month 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/ penalties imposed by RBI reported in the Bank or in the banking Industry as a whole for bringing necessary changes in the Audit Function based on the learning. 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.

31. PLAN AND STATUS OF IND AS IMPLEMENTATION

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.

32. 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.

32.1 Conservation of Energy:

The Bank has undertaken various initiatives for the conservation of energy and have taken efforts to contribute to low carbon economy which includes the following:

Steps taken / impact on conservation of energy:

- Electric vehicle (EV) charging infrastructure has been established at key office locations, including Federal Towers (Head Office, Aluva), Ashokapuram Currency Chest, Federal Towers – New Delhi Zonal Office, Bengaluru Zonal Office, and Akshaya Shanti – Chennai Zonal Office.
- The Bank has implemented energy-efficient, inverter-based air conditioning systems using eco-friendly refrigerants such as R32 and R410A for all new installations as well as replacements.
- All Bank offices have been fully upgraded to 100% LED lighting, thereby improving overall energy efficiency.
- Rainwater harvesting systems have been installed across multiple locations, with a combined capacity of approximately 1.39 lakh litres.
- Sewage Treatment Plants (STPs) with a total water recycling capacity of 40 kilolitres per day is operational at two office locations in Aluva.
- IoT-enabled energy management devices have been deployed in air conditioning units across 350 ATM sites to enable monitoring and optimization of energy consumption.
- The Bank has achieved IGBC Green Interior certification for 5.5% of its total occupied area, enhancing resource efficiency and ensuring optimal utilization of energy and materials.

Steps taken by the Bank for utilizing alternate sources of energy:

- Bank has developed an in-house solar power generation capacity of 570 KW.

The capital investment on energy conservation equipment:

- Bank has invested a total of Rs 12.32 Crore/-+ GST as capital investment on energy conservation equipment's this year.

32.2 Technology Absorption:

The 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.federal.bank.in/shareholder-information

Leveraging Banking Technologies and AI Adoption

The Bank is placing AI and advanced analytics at the core of its transformation—shifting from reactive servicing to predictive, proactive engagement. A unified enterprise data platform will deliver a real-time, single customer view, enabling faster, smarter decision-making at scale. On this foundation, AI-driven models will anticipate customer needs and drive next-best actions—personalised offers, financial insights, and risk interventions. A key differentiator is the Hyper-Personalisation Engine, acting as a central decision layer to enable real-time, one-to-one engagement across channels. This is further strengthened by omnichannel orchestration, ensuring seamless, consistent, and contextual customer experiences.

CRISIL ICON enables end-to-end digital credit rating through unified model hosting, configurable workflows, and enhanced risk parameters—strengthening credit decisioning and risk management. The API Gateway, aligned with the Bank's API-first strategy, delivers secure, standardized, and reusable integrations across internal systems and partners—reducing complexity, accelerating time to market, and supporting scalable transaction growth.

Together, these initiatives enhance system resilience, scalability, and governance, enabling faster product launches, optimized resource utilization, and advancing the Bank's long-term digital-first vision.

Security Across Digital Channels

- Instant Threat Containment: Real-time monitoring systems enable immediate alerts and automated blocking of suspicious transactions.
- Multi-Channel Analysis: Advanced analytics, including Graph Neural Networks, detect complex fraud patterns across accounts, devices, and channels.
- Adaptive Intelligence: AI/ML-driven systems continuously learn and adapt to emerging fraud typologies without manual rule updates.
- Behavioural Profiling: Silent biometrics (e.g., typing patterns, navigation behavior) identify unauthorized access even with valid credentials.

The Bank has implemented a multi-layered fraud risk management framework, leveraging advanced FRM solutions to monitor financial and non-financial transactions across all channels, including CBS, cards, UPI, internet, mobile, and corporate banking.

The Bank is also integrating cloud infrastructure, automation and AI-driven solutions to improve customer experience, analytics capabilities and decision-making

Strengthening Digital Capabilities through Cloud, AI, and Automation

- **Cloud Infrastructure:** Adoption of modern cloud technologies enables scalable, secure, and resilient operations, supporting faster deployments, seamless integrations, and rapid digital innovation.
- **Automation for Efficiency:** Intelligent automation, including RPA and workflow tools, streamlines processes, reduces turnaround time, minimizes errors, and enhances operational productivity.
- **AI-Driven Solutions:** AI-powered tools, including chatbots and generative AI, deliver personalized customer experiences, automate insights, and improve decision-making across credit and lending.
- **Advanced Analytics:** Integrated data platforms enable real-time insights, predictive analytics, and targeted engagement through a unified view of customer and operational data.

32.3 Foreign Exchange Earnings and Outgo:

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

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

Technology and Digital updates

IT provides the strong foundation that enables the 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).

The 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.

The 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, the 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.

With the increasing adoption of Artificial Intelligence (AI) across banking operations, Bank is in the process of establishing a comprehensive AI Governance Framework and Policy.

This initiative aims to ensure that the implementation and use of AI technologies are responsible, secure, transparent, and compliant with regulatory requirements. The framework will define guidelines for data usage, model governance, risk management, ethical considerations, and auditability, thereby enabling controlled and sustainable AI adoption across the enterprise.

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

34. 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 (RMC) of the Board sets the standards and governs the risk management functions, thereby bringing in a top to down focus on risk management. The RMC and the Information Technology and Operations 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 reviews 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 adequacy position. In addition, the Committee oversees risks of Bank's 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 (IRMD) 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 IRMD. Operational Risk Management, Business Continuity Management, Third Party Risk Management are taken care by Operational Risk Division. Governance, Risk and Compliance related to Information and Cyber Security 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 and Information Security Steering Committee (ISSC) 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.

35. AUDITORS

35.1 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. M S K A & 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. M S K A & 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. RPD. No. S3601/08.09.005/2025-26 dated August 05, 2025, had granted approval for appointment of M/s. Suri & Co, Chartered Accountants (FRN 004283S) and M/s. M S K A & Associates, Chartered Accountants (FRN 105047W) as the Joint Statutory Auditors of the Bank for FY 2025-26.

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. M S K A & 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.

The present Statutory Auditors of the Bank, M/s. Suri & Co, Chartered Accountants (Registration No. 004283S), Chennai, and M/s. M S K A & Associates, Chartered Accountants (Registration No. 105047W), Mumbai are retiring at the conclusion of this 95th Annual General Meeting after completion of their term for three years.

Based on the recommendations of the Audit Committee at its meeting dated March 20, 2026, the Board of Directors of the Bank at its meeting dated March 27, 2026, recommended the appointment of 1) M/s. Price Waterhouse LLP, Kolkata (ICAI Firm Reg. No. 301112E/E300264) and 2) M/s. K S Aiyar & Co, Mumbai, (ICAI Firm Reg. No 100186W) as Joint statutory auditors of the bank. RBI vide its letter dated May 13, 2026, has granted approval for the appointment of M/s Price Waterhouse LLP (FRN 301112E/E300264) and M/s K S Aiyar & Co (FRN 100186W) as the Joint Statutory Auditors of the Bank for the FY 2026-27, for their first year.

Based on the RBI approval, the Audit Committee through Circular Resolution approved on June 22, 2026 recommended to the Board and the Board at its meeting dated June 25, 2026 approved the appointment of M/s. Price Waterhouse LLP Kolkata, and M/s K S Aiyar & Co, Mumbai, as the Joint Statutory Auditors of the Bank for a period of three years commencing from financial year 2026-27.

As per the requirement of the Companies Act, 2013, M/s. Price Waterhouse LLP, Kolkata, and M/s K S Aiyar & Co, Mumbai 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.

Accordingly, approval of the members is requested for appointment of 1) M/s. Price Waterhouse LLP, Kolkata (ICAI Firm Reg. No. 301112E/E300264) and 2) M/s. K S Aiyar & Co, Mumbai, (ICAI Firm Reg. No 100186W) for a period of 3 years as Joint Statutory Auditors of the Bank from the conclusion of 95th AGM till the conclusion of 98th AGM, subject to the approval of the RBI every year. The aggregate audit fee payable to the proposed Joint Statutory Auditors for the first year of their appointment shall be ₹400 Lakh (Rupees Four Hundred Lakh only), exclusive of applicable taxes and reimbursement of out-of-pocket expenses. The Members are further requested to authorize the Board of Directors of the Bank, including any Committee of the Board thereof, to consider and approve any revision or enhancement in the audit fees for the second and third years of their tenure, as well as to determine and approve the fees payable for any additional certificates, reports, attestations or other services required to be issued or rendered by the Joint Statutory Auditors which are not covered under the terms of the engagement and to do all such acts, deeds, matters and things as may be necessary or expedient in this regard, without being required to seek any further consent or approval of the Members of the Bank. The remuneration paid to the Statutory Auditors will be disclosed in the Corporate Governance Report as well as the Annual Financial Statements of the Bank on an annual basis.

As required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, M/s. Price Waterhouse LLP, Kolkata, and M/s K S Aiyar & Co, Mumbai, have confirmed that they hold a valid certificate issued by the Peer Review Board of ICAI.

Price Waterhouse LLP, established in 1949 and converted into a limited liability partnership in 2020, is a firm of Chartered Accountants registered with the Institute of Chartered Accountants of India (ICAI) (Firm Registration No. 301112E/E300264). The firm is headquartered in Kolkata and has a presence across 16 cities in India. It is a member firm of Price Waterhouse & Affiliates, a network of independent Indian CA firms registered with ICAI (Network Registration No. NRN/E/14). It has a total of 113 Partners, as at March 31,2026. The firm primarily provides audit and assurance services and holds a valid peer review certificate, with extensive experience in auditing companies listed on Indian stock exchanges, including those in the Financial Services sector. The firm is having 22 years of experience as Statutory Central Auditors for Banks as at March 31,2026.

K S Aiyar & Co., established in 1897, is a partnership firm registered with the Institute of Chartered Accountants of India (ICAI) (Firm Registration No. 100186W). The firm is headquartered in Mumbai and has a presence across key cities including Hyderabad, Chennai, Bengaluru, Kolkata, and Coimbatore. It has a total of 21 partners, K S Aiyar & Co. provides a wide range of professional services including assurance, direct and indirect taxation, and consultancy, and is empanelled with regulatory authorities such as RBI, SEBI, and IRDAI. The firm is having 15 years of experience as Statutory Central auditors for Banks.

As required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Price Waterhouse LLP (ICAI Firm Reg. No. 301112E/E300264), and K S Aiyar & Co (ICAI Firm Reg. No 100186W) have confirmed that they hold a valid certificate issued by the Peer Review Board of ICAI.

35.2 Secretarial Auditors

Pursuant to the provisions of Section 204 of The Companies Act, 2013, the Bank has appointed SEP & Associates LLP, Company Secretaries, Kochi as Secretarial Auditors to conduct Secretarial Audit of the Bank for the FY 2025-26. Accordingly, the Secretarial Audit Report for FY 2025-26 is annexed to this report as **Annexure C**. The Audit Report issued by the Secretarial Auditors for the said Financial Year forms part of this Report which is self-explanatory.

No offence of fraud was reported by the Secretarial Auditor of the Bank under Section 143(12) of the Act.

Pursuant to Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Master Circular No. SEBI/HO/CFD/CFD-PoD-2/CIR/P/2024/185 dated December 31, 2024, the Bank has obtained Secretarial Compliance Report, certified by CS Puzhankara Sivakumar, SEP & Associates LLP for Financial Year ended March 31, 2026, on compliance of all applicable SEBI Regulations and circulars/ guidelines issued thereunder and the copy of the same was submitted with the Stock Exchanges.

36. WHISTLE BLOWER POLICY/ VIGIL MECHANISM

The Bank has established a robust Fraud Risk Management Framework that provides comprehensive guidance on identifying, assessing, and mitigating fraud risks. All reported or detected cases are thoroughly investigated, including root cause analysis and appropriate process improvements and systemic controls are implemented to prevent recurrence.

A combination of preventive, detective, and surveillance measures are deployed to address both internal and external fraud risks. Continuous sensitization initiatives for employees and customers play a critical role in fostering a culture of vigilance and risk awareness.

Vigilance Department conducts Preventive Vigilance Workshops aimed at highlighting vulnerabilities commonly exploited by fraudsters and equipping employees with practical strategies to mitigate such risks. In addition, Fraud Prevention Committee meetings are held regularly at the branch level to enhance awareness of emerging fraud trends, their modus operandi, and appropriate preventive measures. Annual Preventive Vigilance Assessments are undertaken in selected branches based on risk profiling to strengthen internal controls.

The Bank remains committed to spreading awareness on financial/ cyber frauds among the public through multiple communication channels, including SMS alerts, emails, branch displays, website messages, and internet banking platforms. Particular emphasis is placed on cyber fraud awareness. The "Twice is Wise" cybersecurity campaign, launched in 2020, continues to serve as a key initiative in promoting safe banking practices. Through this campaign, as well as the dissemination of alerts, posters, and educational videos via social media, television, and digital platforms, the Bank actively educates customers on emerging cyber threats and preventive measures.

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-Govermental Organizations (NGOs), and members of the public can report any unethical practices or concerns. PDS ensures strict confidentiality and offers protection to whistleblowers against any form of retaliation, discrimination, or victimization. A dedicated email ID is available for submitting disclosures under this scheme. All complaints received are examined thoroughly, and appropriate action is taken in accordance with established procedures. The functioning of the whistleblower mechanism, along with details of complaints received and actions taken, is periodically reviewed by the Audit Committee of the Board. No one has been denied access to the Audit Committee to express concerns or report grievances under the Whistle Blower Policy and / or vigil mechanism.

During FY 2025–26, a total of 20 complaints were received under PDS, all of which were duly examined and addressed in line with the Bank's policy framework. The Whistle Blower Policy (PDS) is accessible on the Bank's official website and intranet: https://www.federal.bank.in/documents/10180/45777/Whistle+Blower+policy+or+PDS.pdf/558aea51-1335-4546-9c9a-28c5030377a1?t=1719555373881

37. 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 and/or material orders passed by any Regulatory Authority, Court or Tribunal which could impact the going concern status and Bank's operations in future.

38. PARTICULARS OF EMPLOYEES

In terms of Section 136(1) 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.federal.bank.in/shareholder-information. The said information is available for inspection by the members at the registered office of the Bank during business hours up to the date of the ensuing AGM.

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 D**.

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

The Bank had constituted Internal 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 10 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 Committee are as follows:

No. of complaints received for FY-2025-26	3
No. of complaints disposed of during FY -2025-26	3
No. of cases pending for more than 90 days	0
No. of workshops/ awareness program against sexual harassment carried out	12
Nature of action taken by the employer/ District Officer	Appropriate Action has been taken

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

The Bank is in compliance with the provisions of Maternity Benefit Act,1961. Further details are available in the Business Responsibility and Sustainability Report of the Bank which is part of this Integrated Annual Report of the Bank and is also available on the Bank's website www.federal.bank.in/shareholder-information.

41. 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 E**.

42. POLICY ON BOARD DIVERSITY

The Bank has adopted Policy on Board Diversity and emphasis is given to maintain diversity of thoughts, experience, knowledge, education, skills, perspective, culture, age and gender, while scrutinising a candidature for appointment as a Director on the Bank's Board.

The 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.

The 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.

43. 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) and 134(5) of the Companies Act, 2013:

i. that in the preparation of the annual financial statements for the year ended March 31, 2026, 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, 2026, 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;

44. 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.

45. ACKNOWLEDGEMENT

The Board of Directors places on record its heartfelt appreciation and gratitude 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, MCA, SEBI and other statutory and regulatory authorities, financial institutions, registrar and share transfer agent, debenture trustees, depositories and various State Governments, 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. Elias George
Part Time Chairman & Independent Director
(DIN - 00204510)

Date: July 17, 2026
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, 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 Rule 4(2)(a) of Company (CSR Policy) Rules, 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.federal.bank.in/documents/d/guest/csr-policy-2025-26

CSR Page Link: Corporate Social Responsibility | Federal Bank | Sustainable Banking

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)	3	3
2.	Mr. Krishnan Venkat Subramanian ^	Member (MD & CEO)	3	2
3.	Ms. Shalini Warrier #	Member (Executive Director)	3	1
4.	Mr. Harsh Dugar	Member (Executive Director)	3	3
5.	Mr.Venkatraman Venkateswaran ^^	Member (Executive Director)	3	2

 # Member of the CSR Committee till 23rd May 2025.

^ Member of the CSR Committee till 14th January 2026.

^^ Member of the CSR Committee since 30th July 2025.

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.federal.bank.in/documents/d/guest/csr-policy-2025-26
2.	CSR Policy	https://www.federal.bank.in/documents/d/guest/csr-policy-2025-26
3.	CSR Projects	Corporate Social Responsibility | Federal Bank | Sustainable Banking

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. The Impact Assessment reports, and their Executive Summaries can be accessed through the links below.

Sl No	Name of the Project	Link to the Impact Assessment Reports	Link to the Executive Summaries
1	Sanjeevani -United Against Cancer -2023-24	https://www.federal.bank.in/documents/d/guest/final-report-sanjeevani-united-against-cancer_impact-assessment-3-	https://www.federal.bank.in/documents/d/guest/es_sanjeevani_2023_24
2	Federal Bank Hormis Memorial Foundation Scholarships	https://www.federal.bank.in/documents/d/guest/fhmf-scholarship-approved-final	https://www.federal.bank.in/documents/d/guest/es_fhmf_scholarship_202122_202324
3	Federal Skill Academy	https://www.federal.bank.in/documents/d/guest/fsa-approved-final	https://www.federal.bank.in/documents/d/guest/es_fsa_2023_24
4	Infrastructure Support to Palliative Care centre-Guardian Angel Peace Mission Centre ,Ernakulam	https://www.federal.bank.in/documents/d/guest/gapmc-approved-final	https://www.federal.bank.in/documents/d/guest/es_gapmc_2021_22

5 a. Average net profit of the Company as per sub-section (5) of Section 135: **₹46,74,70,11,107.35**

b. Two percent of average net profit of the Company as per sub-section (5) of section 135: **₹93,49,40,222.15**

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)]: **₹93,49,40,222.15**

6. a. Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): **₹91,54,01,502.44***

* (Includes Spend of FY 25-26 – ₹74,92,04,226.44 + Spend of Unspent 23-24- ₹26,16,000/- + Spend of Unspent 24-25 - ₹16,35,81,276/-)

b. Amount spent in Administrative Overheads: **₹7,80,736.60**

c. Amount spent on Impact Assessment, if applicable: **₹33,55,544.68**

d. Total amount spent for the Financial Year [6(a)+6(b)+6(c)]: **₹91,95,37,783.72**

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.
₹ 91,95,37,783.72	₹ 18,15,99,714.43	23-04-2026	-	-	-

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)	₹ 93,49,40,222.15
ii	Total amount spent for the Financial Year	₹ 91,95,37,783.72***
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 31-03-2026*

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	2022-2023	₹ 15,97,07,851.92	₹ 0.00	₹ 0.00	NA	NA	NA	NIL	NA
2	2023-2024	₹ 10,33,73,057.00	₹ 11,31,241.00	₹ 26,16,000.00	NA	NA	NA	₹ 11,31,241.00	NA
3	2024-2025	₹ 17,40,89,222.60	₹ 1,05,07,946.60	₹ 16,35,81,276.00	NA	NA	NA	₹ 1,05,07,946.60	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
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. Sankarshan Basu
(Chairman- CSR Committee)

Sd/-
Mr. Krishnan Venkat Subramanian
(Managing Director & Chief Executive Officer)

ANNEXURE – B

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis:

Number of contracts or arrangements or transactions not at arm's length basis: Nil

2. Details of material contracts or arrangements or transactions at arm's length basis:

Number of material contracts or arrangements or transactions at arm's length basis: 01*

Sl. No	Corporate identity number (CIN) or foreign company registration number (FCRN) or Limited Liability Partnership number (LLPIN) or Foreign Limited Liability Partnership number (FLLPIN) or Permanent Account Number (PAN)/ Passport for individuals or any other registration number	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any:
1	U74999KL2018PLC055298	Federal Operations and Services Limited - Subsidiary Company	Transfer of furnishings and fit outs located at Visakhapatnam Centre and recovery of usage charges	One-time transfer of assets	Transfer of assets at ₹2,87,41,797/- based on independent valuation & Monthly usage charges of ₹2,18,220/- from April 1, 2025 till the date of transfer	18/10/2025	Nil

**The transaction disclosed above, though not a material related party transaction, is disclosed as it is not in the ordinary course of business.*

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

Sd/-
Mr. Elias George
Part Time Chairman & Independent Director
(DIN - 00204510)

Date: July 17, 2026
Place: Aluva

Annexure-C

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2026

[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
Federal Towers PB No. 103 Alwaye,
Eranakulam, Kerala, India -683101

We, SEP & Associates, 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 (L65191KL1931PLC000368)** (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on March 31, 2026, in a manner that provided us a reasonable basis for evaluating the corporate conduct and statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2026 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2026 according to the provisions of:

i. The Companies Act, 2013 ("the Act") as amended and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:-

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (to the extent applicable);

   d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

   e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;(not applicable)

   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 and SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 2025 .

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;(not applicable)

   h. The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018; and (not applicable)

   i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

   j. Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019;

(v) Other laws/regulations specifically applicable to the Company-

a) 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;

b) Reserve Bank – Integrated Ombudsman Scheme, 2021;

c) The Bankers' Books Evidence Act, 1891;

d) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 read with The Security Interest (Enforcement) Rules, 2002;

e) The Deposit Insurance and Credit Guarantee Corporation Act, 1961;

f) Credit information Companies (Regulation) Act, 2005;

g) Recovery of Debts due to Banks and Financial Institutions Act, 1993;

h) Negotiable Instruments Act, 1881;

i) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder;

j) Payment of Bonus Act, 1965 read with Rules made thereunder;

k) Maternity Benefit Act, 1961;

l) Payment of Gratuity Act, 1972 read with Rules made thereunder;

m) The Shop and Establishment Act, 1948;

n) Industrial Disputes Act, 1947 read with Industrial Disputes (Banking and Insurance Companies) Act, 1949;

We have also examined compliance with the applicable clauses of the following:

1. The Listing Agreements entered by the Company with BSE Limited ('BSE') and National Stock Exchange of India Limited (NSE'); and
2. Secretarial Standard relating to Board (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above .

We further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and 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 and in compliance with orders issued by the Central Government.
2. During the period under review following changes happened in the composition of Board of Directors:
   a. Smt. Shalini Warrier (DIN: 08257526) resigned from the position of Executive Director with effect from May 23, 2025;
   b. Shri. Venkatraman Venkateswaran (DIN: 09227554) was appointed as Executive Director of the Company with effect from July 10, 2025, and his appointment was approved by the shareholders at the Annual General Meeting held on August 29, 2025, and approved by RBI vide its letter DoR.GOV.No. 2798/08.38.001/2025-26 dated July 09, 2025;
   c. Smt. Varsha Vasant Purandare (05288076) was reappointed as Independent Director for second term of three years with effect from September 08, 2025, to September 07, 2028, (both days inclusive), not liable to retire by rotation.
   d. Shri. Abhaya Prasad Hota (02593219) retired from the position of Non-Executive Independent Director upon the completion of his term on January 14, 2026;
3. Adequate notice is given to all directors to schedule the Board Meetings in compliance with the provisions of Section 173(3) of the Companies Act, 2013, agenda and detailed notes on agenda were sent at least seven days in advance 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 except in the case of Shorter Notice.
4. Decisions at the meetings of the Board of Directors of the Company were carried out on the basis of majority and the same was captured and recorded as part of the minutes. There were no dissenting views by any member of the Board of Directors during the period under review.
5. The Company allotted 84,53,291 equity shares pursuant to the exercise of stock options under the Federal Bank Employee Stock Option Schemes, 2010 and 2017, and 27,29,74,043 share warrants during the year.

We further report that there are adequate systems and processes in the Company commensurate with its size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the period under review the following special resolutions were passed by the members of the Company:

S. No	Date of Resolution	Legal Provision	Resolution
1	29.08.2025	Sections 149, 150, 152, Schedule IV of the Act read with rules made thereunder and Regulations 16(1)(b),17 and 25 (2A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.	Re-appointment of Ms. Varsha Purandare (DIN: 05288076) as an Independent Director of the Bank for second term with effect from September 08, 2025, to September 07, 2028, (both days inclusive), not liable to retire by rotation.
2	29.08.2025	Section 42, of the Act read with rules made thereunder and Regulations of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021	Raising of funds through issuance of Bonds
3	29.08.2025	Sections 23, 41, 42, 62(1)(c) read with rules made thereunder and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018	Raising of Tier-1 Capital of the Bank through Issuance of Securities
4	29.08.2025	Section 62(1)(b) read with rules made thereunder and SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021	To approve adoption of The Federal Bank Limited Employee Stock Option Scheme 2025
5	29.08.2025	Section 62(1)(b) read with rules made thereunder and SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021	To approve adoption of The Federal Bank Limited Employee Stock Incentive Scheme 2025
6	19.11.2025	Sections 23, 42, 62(1)(c), Chapter V of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.	Issuance of Warrants to Asia II Topco XIII Pte. Ltd., exercisable into equity shares by way of preferential issue on a private placement basis and matters related therewith
7	19.11.2025	Regulation 31B of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.	To approve special rights granted to Asia II Topco XIII Pte. Ltd. in accordance with Regulation 31B of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

We further report that during the audit period there were no instances of:

i. Except for the preferential issue/allotment of warrants as stated above, there were no instances of public issue, rights issue, issue of debentures, sweat equity, redemption/buy-back of securities,

ii. Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013.

iii. Merger / amalgamation / reconstruction, etc.

iv. Foreign technical collaborations.

This report is to be read with **Annexure A** of even date and the same forms an integral part of this report.

For SEP & Associates
UDIN: F003050H000862810
Company Secretaries
(Peer Review Certificate No.: 6780/2025)

Sd/-
CS Puzhankara Sivakumar
Managing Partner
FCS: F3050, COP No. 2210

Place: Kochi
Date: 17.07.2026

ANNEXURE A TO THE SECRETARIAL AUDIT REPORT OF EVEN DATE

To,
The Members,
THE FEDERAL BANK LTD
Federal Towers PB No. 103 Alwaye,
Eranakulam, Kerala, India -683101

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of the provisions of all laws, rules, regulations, and standards applicable to **THE FEDERAL BANK LTD (L65191KL1931PLC000368)** (hereinafter called "the Company") is the responsibility of management of the Company. Our examination was limited to the verification of the records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.

2. Maintenance of the Secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility as Secretarial Auditors is to issue a Secretarial Audit Report, based on the audit of the relevant record maintained and furnished to us by the Company, along with explanations where so required.

3. During the audit, we have followed the practices and processes as were appropriate, to obtain reasonable assurance about the correctness of the contents of the Secretarial and other records, legal compliance mechanism and corporate conduct. We believe that the process and practices we followed provide a reasonable basis for our Secretarial Audit Report.

4. The correctness and appropriateness of financial records and Books of Accounts of the Company have not been verified.

5. We have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc., wherever required. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

6. While forming an opinion on compliance and issuing the Secretarial Audit Report, we have also taken into consideration the compliance related actions taken by the Company after 31st March 2026 but before issue of the Report.

7. We have considered actions carried out by the Company based on independent legal/professional opinion as being in compliance with law, wherever there was scope for multiple interpretations.

For SEP & Associates
UDIN: F003050H000862810
Company Secretaries
(Peer Review Certificate No.: 6780/2025)

Sd/-
CS Puzhankara Sivakumar
Managing Partner
FCS: F3050, COP No. 2210

Place: Kochi
Date: 17.07.2026

Annexure-D

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	Mr. Krishnan Venkat Subramanian, MD & CEO – **25.44** Mr. Harsh Dugar, ED– **14.12** Mr. Venkatraman Venkateswaran, ED#– **11.52** Ms. Shalini Warrier, ED*– **2.86**
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	Mr. Krishnan Venkat Subramanian, MD & CEO – **128.53%** Mr. Harsh Dugar, ED- **41.46%** Mr. Venkatraman Venkateswaran, ED – **34.19%** Ms. Shalini Warrier, ED - **(- 71.24%)** Mr. Samir Pravinbhai Rajdev, CS – **47.10%**
3	The percentage increase in the median remuneration of employees in the financial year	**16.54%**
4	The number of permanent employees on the rolls of Company	**17,681 (As on March 31, 2026)**
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 12.76%, while the average increase in the remuneration of KMP's are as follows. Mr. Krishnan Venkat Subramanian, MD & CEO – **128.53%** Mr. Harsh Dugar, ED - **41.46%** Mr. Venkatraman Venkateswaran, ED – **34.19%** Ms. Shalini Warrier, ED - **(-71.24%)** 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	It is hereby affirmed that the remuneration paid during FY 25-26 is in accordance with the Remuneration Policy of the Bank

#Mr. Venkatraman Venkateswaran was elevated to Executive Director effective from July 10, 2025.

**Ms. Shalini Warrier resigned from the service of the Bank as ED from end of the day, May 23, 2025. Remuneration details of Ms. Shalini Warrier are taken in the capacity of ED till May 23, 2025, which includes the retirement benefits in connection with her superannuation.*

Notes: Median pay is computed on annual fixed pay which includes basic salary, other allowances, and performance linked incentive / ex-gratia paid to the employees who were in the services of the Bank as on 31.03.2026, along with the value of perquisites.

Annexure-E

DETAILS OF APPLICATIONS MADE BY THE BANK AND 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	ARUN KUMAR K (MIR REALTORS - DIRECTOR)	17.6
7	BASHEER AHAMED VK (MIR REALTORS - DIRECTOR)	17.6
8	FEEDBACK INFRA PRIVATE LTD	105
9	GREENSEED AGRO BIOLABS PVT LTD	1.57

Corporate Governance Report

Corporate Governance at Federal Bank is founded on the principles of integrity, transparency, accountability and ethical conduct. The Bank's governance framework aligns with the requirements of the Reserve Bank of India, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), the Companies Act, 2013 and other applicable regulatory requirements, while also drawing upon evolving global best practices. The framework provides clear accountability, facilitates effective decision-making and ensures appropriate oversight of strategy, risk and performance.

The Board of Directors provide strategic direction and oversee the management of the Bank's affairs in the interests of shareholders and other stakeholders, including customers, depositors, employees, regulators and the communities it serves. Supported by its Committees, the Board promotes a governance culture that emphasises responsible decision-making, prudent risk management and sustainable value creation.

Federal Bank has established robust governance systems, internal controls, risk management practices and disclosure mechanisms to support transparency, regulatory compliance and operational excellence. The Bank continually strengthens these practices to enhance stakeholder confidence and reinforce long-term institutional resilience.

The Bank views Corporate Governance not merely as a compliance obligation but as an integral part of its organisational culture. Consistent with this approach, Environmental, Social and Governance (ESG) considerations are embedded into the Bank's strategy and operations, reflecting its commitment to sustainable and responsible growth.

The Bank complies with the applicable Corporate Governance requirements prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other relevant laws and regulations.

Bank's Philosophy on Corporate Governance

Federal Bank regards Corporate Governance as a core element of its organisational culture and business strategy. The Bank integrates sound governance principles into its decision-making processes and operations, fostering accountability, ethical conduct, prudent risk management and effective oversight. This approach supports sustainable growth, strengthens stakeholder confidence and contributes to long-term value creation.

Corporate Governance Framework – Structure

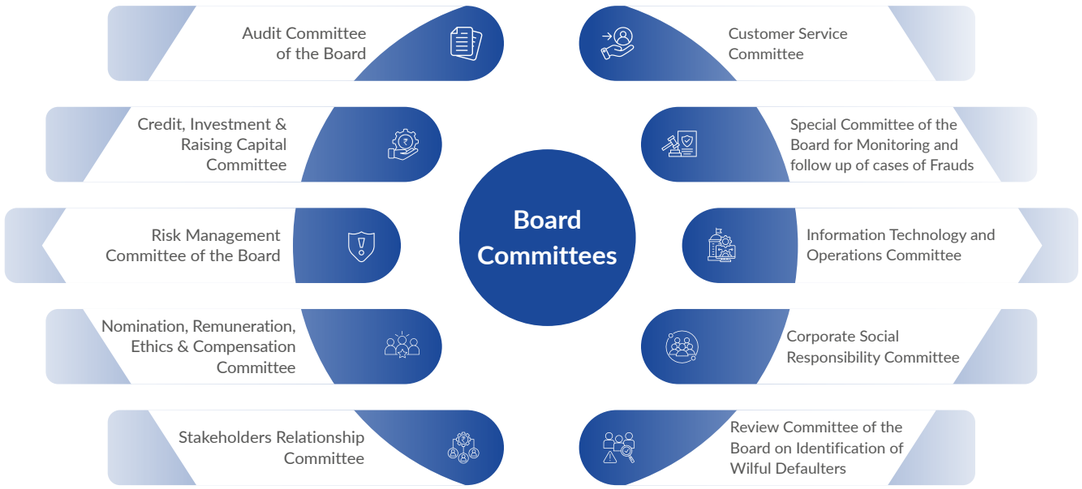
The Bank's Corporate Governance framework is structured to ensure clear accountability, effective oversight and seamless coordination across all levels of the organisation.

1. Board of Directors

The Board provides overall direction and oversight of the Bank's affairs, including strategy, risk governance, financial performance and compliance. It ensures that management actions are aligned with the Bank's long-term objectives and regulatory expectations.

2. Board Committees

To enhance governance effectiveness and enable focused oversight, the Board operates through its Committees with clearly defined mandates. These Committees undertake detailed deliberations on matters within their respective domains and provide guidance and recommendations to the Board, thereby supporting informed decision-making and effective governance.



3. Executive Management

MD & CEO including the Executive Directors, are responsible for implementing the strategy approved by the Board and for managing the Bank's day-to-day operations in line with defined governance and control standards.

4. Management Committees

Management-level Committees support the executive leadership in operational decision-making, risk monitoring and policy implementation across business functions.

Compliance Governance Framework

The Bank's Corporate Governance framework on compliance is anchored on regulatory adherence, ethical conduct, accountability and independent oversight. The Bank has a Board-approved Compliance Policy aligned with RBI expectations, which provides for compliance with applicable laws, regulations, regulatory standards, codes of conduct and internal policies, both in letter and spirit.

The Board of Directors exercise overall oversight of the compliance framework and sets the tone at the top for integrity, transparency, fair customer conduct and regulatory compliance. The Audit Committee of the Board supports the Board in reviewing the Compliance Policy, overseeing compliance performance and guiding mitigation of compliance risks. Senior Management is responsible for implementing the approved framework and ensuring appropriate systems, processes and controls.

The Compliance function, headed by the Chief Compliance Officer, operates independently of business functions and forms part of the Bank's second line of defence. The Chief Compliance Officer reports to the Managing Director & CEO and has access to the Audit Committee, Risk Management Committee and the Board, enabling effective oversight, advisory support and escalation of material compliance matters.

The Bank follows an enterprise-wide, risk-based approach to compliance risk management, covering identification of regulatory obligations, assessment of compliance risks, implementation of controls, escalation of significant matters and timely remediation. Material compliance matters, regulatory developments and action plans are periodically reported to Senior Management, Board-level Committees and the Board, as applicable.

The Bank also maintains a Group Compliance framework to promote consistent compliance standards across the Bank and its Group entities, while recognising entity-specific regulatory requirements. The Compliance Policy is reviewed periodically and updated to reflect regulatory developments and supervisory expectations, with review by the Audit Committee and approval by the Board. Regulatory non-compliances and corrective actions, where applicable, are disclosed in the Annual Report in accordance with the Bank's Disclosure Policy and applicable regulatory requirements.

ESG Framework

The Bank's Environmental, Social and Governance (ESG) framework is guided by a Board-approved ESG Policy, which integrates ESG considerations into its risk management framework and operational processes, while aligning with evolving global standards and disclosure practices.

The environmental focus includes minimising its operational footprint and promoting resource efficiency and Greenhouse Gas (GHG) management across its operations, while supporting the transition to a low-carbon economy through its financing and business activities.

ESG considerations in lending are embedded through a Board-approved Environmental and Social Management System (ESMS), which provides a structured approach for identification and management of environmental and social risks in wholesale Banking credit exposures.

The social pillar emphasises employee wellbeing, diversity and inclusion, and community engagement, while governance is reinforced through a strong framework of Board and management oversight, defined policies and internal controls, regulatory compliance, ethical business conduct, and transparency in decision-making.

The Bank monitors ESG performance through structured internal mechanisms, including periodic ESG dashboards that are placed before Management-level and Board-level Committees. Sustainability-related policies are reviewed periodically, including at the Board level, as applicable. The Bank continues to enhance its disclosures in line with recognised ESG frameworks and stakeholder expectations.

BOARD OF DIRECTORS

A. Composition of the Board

The Board consists of a unitary (single-tier) structure with an appropriate mix of Executive and Non-Executive Independent Directors, with Independent Directors representing more than one-third of its total strength. As of March 31, 2026, the Bank's Board consisted of ten Directors, including seven Non-Executive Independent Directors and three Executive Directors, among whom one is a woman Independent Director. The Board brings together diverse professional backgrounds, knowledge, and experience relevant to the banking sector, with an average tenure of 5 years.

In discharging its responsibilities and providing strategic direction, the Board upholds corporate values, fosters an ethical culture, promotes sustainability, and embraces innovation. Independent Directors play a crucial role in strengthening corporate governance standards and ensuring objectivity in decision-making. With expertise across various domains, the Board contributes valuable independent judgment on matters relating to strategy, risk management, internal controls, and business performance.

The Board periodically evaluates the need for change in its composition and size. Detailed profiles of the Directors of the Bank are available on the website of the Bank at https://www.federal.bank.in/key-personnel.

The composition of the Board is governed by the provisions of the Companies Act, 2013 ("the Act") and the rules framed thereunder, the Listing Regulations, the Banking Regulation Act, 1949, applicable 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 the Directors hold directorships in more than seven listed companies, and the Executive Directors do not serve as Independent Directors in any listed company. Additionally, none of the Independent Directors act as Non-Independent Directors in any company where a Non-Independent Director of the Bank serves as 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 compliance with Regulation 25(8) of the Listing Regulations, they have confirmed that they are not aware of any circumstances or situations that may impair, or could reasonably be expected to impair, their ability to discharge their duties. Based on the declarations received, the Board has affirmed that the Independent Directors meet the criteria of independence under Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations, and are independent of the management.

Further, in accordance with Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Independent Directors have confirmed their registration in the Independent Directors' Databank maintained by the Indian Institute of Corporate Affairs. The current tenure of the Independent Directors is subject to the provisions of Regulation 10A of the Banking Regulation Act, 1949, as well as the tenure approved by the Shareholders/Board. In line with Regulation 46 of the Listing Regulations, as amended, the terms and conditions of their appointment, including their roles, responsibilities, and duties, are available on Bank's website at https://www.federal.bank.in/documents/10180/0Terms+and+conditions+of+appointment+of+Independent+Directors.pdf/0b043d0b-07bc-ca50-4e3f9af873dbead3?t=1652439209012.

During the FY 2025-26, none of the Bank's 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.

There were no inter-se relationships among any of the Directors. Further, no pecuniary relationships or transactions existed between the Non-Executive Directors and the Bank, except for banking transactions carried out in the ordinary course of business and on an arm's length basis during the FY 2025-26.

The details of composition of the Board held as on March 31, 2026, are given below:

Name of the Directors	Category	Number of Directors	% to total number of Directors
Mr. Siddhartha Sengupta	Non - Executive Independent Directors	7	70.00
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	30.00
Mr. Harsh Dugar			
Mr. Venkatraman Venkateswaran			
Total		**10**	**100**

- Mr. A P Hota (DIN: 02593219) retired from the Board of the Bank as the Chairman & Independent Director upon completion of his tenure of eight years with effect from the close of business hours on January 14, 2026.
- Ms. Shalini Warrier (DIN: 08257526) resigned as an Executive Director with effect from the closing business hours on May 23, 2025.
- Mr. Harsh Dugar (DIN: 00832748), Executive Director, was re-appointed as the Executive Director on the Board of the Bank with effect from June 23, 2026 till June 22, 2029.

- Nomination, Remuneration, Ethics and Compensation Committee in its Meeting on July 16, 2026 and the Board in its Meeting on July 17, 2026 recommended the re-appointment of Mr. Sankarshan Basu (DIN: 06466594), Independent Director of the Bank. The re-appointment of Mr. Sankarshan Basu 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 Seven (27) times with meetings held on April 04, 2025, April 30, 2025, May 09, 2025, May 16, 2025, June 07, 2025, June 28, 2025, June 30, 2025, July 30, 2025, August 02, 2025, August 29, 2025, [August 30, 2025 (Adjourned meeting of the Board dated August 29, 2025)], September 11, 2025, September 26, 2025, October 08, 2025, October 18, 2025, October 24, 2025, November 07, 2025, November 19, 2025, December 05, 2025, December 24, 2025, December 30, 2025, January 09, 2026, [January 10, 2026 (Adjourned meeting of the Board dated January 09, 2026)], January 16, 2026, February 13, 2026, February 16, 2026, February 28, 2026, March 17, 2026, and March 27, 2026. 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, 2026, are given below:

Name of the Director	Attendance Particulars			No. of Directorships and Committee positions in other Public Companies (Note 1 & 2)			Shareholding in the Bank (equity shares of Rs. 2/- each) (As on March 31, 2026)
	No. of Board Meetings		Whether attended AGM held on August 29, 2025	Other Directorships#	Committee Memberships^	Committee Chairmanships^	
	Held	Attended					
Mr. Siddhartha Sengupta	27	27	Yes	3	1	-	100
Mr. Manoj Fadnis	27	27	Yes	2	2	2	100
Mr. Sudarshan Sen	27	26	Yes	1	-	-	Nil
Ms. Varsha Purandare	27	26	Yes	5	6	4	Nil
Mr. Sankarshan Basu	27	27	Yes	-	-	-	Nil
Mr. Ramanand Mundkur	27	27	Yes	1	1	-	10,000
Mr. Elias George*	27	27	Yes	-	-	-	Nil
Mr. Krishnan Venkat Subramanian	27	27	Yes	1	-	-	Nil
Mr. Harsh Dugar	27	22	Yes	1	-	-	12,60,000 equity shares
Mr. Venkatraman Venkateswaran**	27	19	Yes	2	1	-	9,53,125 equity shares

**Mr. Elias George (DIN: 00204510), was appointed as Part Time Chairman of the Bank vide RBI letter DoR.GOV.No.1607/08.38.001/2026-27 dated May 22, 2026 for a period of three years with effect from the date of taking charge. Mr. Elias George took charge as Part Time Chairman of the Bank on May 23, 2026.*

***Mr. Venkatraman Venkateswaran (DIN: 09227554), was appointed as the Executive Director of the Bank with effect from July 10, 2025.*

Mr. A P Hota (DIN: 02593219), retired from the Board of the Bank as the Chairman & Independent Director upon completion of his tenure of eight years with effect from the close of business hours on January 14, 2026. Mr. A P Hota attended 21 Board meetings during his tenure and attended the AGM held on August 29, 2025.

Ms. Shalini Warrier, Executive Director, (DIN: 08257526) resigned as an Executive Director with effect from the closing business hours on May 23, 2025. Ms. Shalini Warrier attended 4 Board meetings during her tenure.

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 SEBI 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.
3. #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 Board comprises of Directors with a diverse mix of skills, expertise, and experience, which enhances its effectiveness and supports robust decision-making. The Bank has identified key competencies required at the Board level, aligned with its business and strategic priorities, covering areas such as industry experience, technical and strategic capabilities, behavioural attributes, and domain-specific knowledge, in line with the provisions of the Banking Regulation Act, 1949 and guidelines issued by the Reserve Bank of India (RBI). The Directors remain committed to upholding the highest standards of corporate governance, with the Bank adhering to the 'fit and proper' criteria prescribed by the RBI and ensuring compliance with requirements set out by the Ministry of Corporate Affairs and the Securities and Exchange Board of India (SEBI).

In accordance with Section 10A(2) of the Banking Regulation Act, 1949, read with the RBI notification dated November 24, 2016, at least 51% of the Board is required to comprise of individuals with specialized knowledge or practical experience in specified fields such as accountancy, banking, finance, law, risk management, and information technology. The Bank complies with this requirement, as its Directors bring extensive experience and deep domain expertise across these areas, ensuring strong governance and informed oversight.

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. Siddhartha Sengupta	Mr. Manoj Fadnis	Mr. Sudarshan Sen	Ms. Varsha Purandare	Mr. Sankarshan Basu	Mr. Ramanand Mundkur	Mr. Elias George	Mr. Krishnan Venkat Subramanian	Mr. Harsh Dugar	Mr. Venkatraman Venkateswaran
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 operates within a strong governance framework with unrestricted access to all relevant information within the Bank. Every meeting is conducted based on a well-structured agenda in compliance with the Companies Act, 2013, SEBI Listing Regulations, and the applicable Secretarial Standards issued by ICSI.

Detailed agenda notes, supported by relevant documents, are circulated in advance to facilitate informed discussions and decision-making, while critical price-sensitive information is shared separately. The Board and Committee materials are made

available through a secure e-meeting portal, enabling convenient access, and video conferencing facilities are provided to support participation.

The Board and its Committees maintain an effective follow-up mechanism, with Action Taken Reports presented at periodic intervals to track the implementation of decisions. Periodic compliance reports covering all applicable laws are reviewed by the Board, along with corrective actions taken, if any. The minutes of meetings are circulated for comments in accordance with Secretarial Standards, ensuring accurate documentation. The Directors discharge their duties with due diligence and uphold high standards of ethics, transparency, and governance, with resolutions passed by circulation, where necessary, and noted at subsequent meetings.

The Board also ensures that robust succession planning is in place for both Directors and Senior Management to maintain leadership continuity.

E. Remuneration to Directors

The Directors' Remuneration is determined in accordance with the provisions of the Banking Regulation Act, the Companies Act, the SEBI Listing Regulations, various guidelines and circulars issued by the RBI, from time to time, and the respective compensation policies of the Bank. 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.federal.bank.in/documents/d/guest/comprehensive-compensation-policy-for-ned-independent-directors-other-than-part-time-chairman

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 FY 2025-26 (Rs. in Crore)
1	Mr. A P Hota	0.28
2	Mr. Siddhartha Sengupta	0.66
3	Mr. Manoj Fadnis	0.65
4	Mr. Sudarshan Sen	0.69
5	Ms. Varsha Purandare	0.49
6	Mr. Sankarshan Basu	0.60
7	Mr. Ramanand Mundkur	0.75
8	Mr. Elias George	0.48

Note:

1. In addition to above sitting fees, Fixed Remuneration of Rs. 0.30 Crore each for FY 2024-25 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 2025-26.

2. In addition to the above, Rs. 0.28 Crore was paid to Mr. A P Hota as honorarium during the year.

The details of remuneration paid to Mr. Krishnan Venkat Subramanian, MD & CEO, Mr. Harsh Dugar and Mr. Venkatraman Venkateswaran, Executive Directors and Ms. Shalini Warrier, Former Executive Director during FY 2025-26 are as under:

(Rs. in Crore)

Particulars	Mr.KrishnanVenkat Subramanian MD & CEO	Mr. Harsh Dugar ED	Mr. Venkatraman Venkateswaran ED#	Ms. Shalini Warrier Former ED*
Basic Pay	2.70	0.47	0.38	0.05
Allowances & Perquisites	0.63	1.40	1.16	0.14
Contribution to PF	0.27	0.05	0.04	0.01
Terminal Benefits	-	-	-	0.25
Severance fees	-	-	-	-
Variable Pay (Cash)	0.42	0.31	0.25	-
Number of Stock Options Granted	1,56,500	1,62,300	90,200	-

#Mr. Venkatraman Venkateswaran was appointed as the Executive Director on the Board of the Bank w.e.f July 10, 2025.

**Ms. Shalini Warrier resigned from the services of the Bank from end of the day, May 23, 2025. Remuneration details of Ms. Shalini Warrier are taken in the capacity of Executive Director till May 23, 2025, which includes the retirement benefits in connection with her cessation.*

Note:

1. Variable Pay (Cash) paid to Mr. Krishnan Venkat Subramanian during FY 2025-26 includes 50% of variable pay cash for the performance year 2024-25.

2. Variable Pay (Cash) paid to Mr. Harsh Dugar during FY 2025-26 includes 50% of variable pay cash for the performance year 2024-25 which is Rs. 25,00,000/- and tranche 1 of the deferred variable pay cash for the performance year 2023-24 which is Rs. 6,20,400/-.

3. Variable Pay (Cash) paid to Mr. Venkatraman Venkateswaran during FY 2025-26 includes 50% of variable pay cash for the performance year 2024-25 which is Rs. 20,00,000/- and tranche 1 of the deferred variable pay cash for the performance year 2023-24 which is Rs. 4,54,410/-.

F. Separate Meeting of Independent Directors

In accordance with Schedule IV of the Companies Act, 2013 and Regulation 25(3) of the SEBI Listing Regulations, Independent Directors should meet at least once in a Financial Year. Further, Schedule II of the SEBI Listing Regulations states that Independent Directors of top 2000 listed entities as per market capitalization shall endeavour to hold at least two meetings in a Financial Year.

During the year, the Independent Directors met on June 23, 2025 [Adjourned meeting held on June 30, 2025], and March 30, 2026 without the presence of Non-Independent Directors and members of the management, inter alia, to discuss various issues at their discretion. The main objective of such meetings is for the Independent Directors to evaluate the performance of the Whole-Time Directors and the overall performance of the Board and its committees.

At the meetings, apart from conducting performance evaluation, the Independent Directors assessed the quality, quantity and timelines of the flow of information between the Bank's management and the Board and expressed its satisfaction on the same.

G. Familiarization Program for Independent Directors

The Bank ensures that Directors, including Independent Directors, are familiarized with the industry environment, its business model, and other key aspects of its operations through structured induction programmes conducted at the time of their appointment.

On an ongoing basis, the Bank strives to keep the Board, including Independent Directors, well informed about developments relating to risk metrics, risk mitigation and management, regulatory requirements, information technology (including cyber security), and their roles, rights, and responsibilities, along with significant updates pertaining to the Bank's operations.

Periodic presentations on critical topics—such as Cyber Security Awareness, the Digital Personal Data Protection Act, Directors' and Officers' (D&O) Policy, aspects of Prevention of Sexual Harassment (POSH), as well as technology architecture diagnostics and future state design—are also made to the Directors.

The details of the familiarization and training programs for FY 2025-26 can be accessed at the link https://www.federal.bank.in/familiarisation-programmes-imparted-to-directors.

H. Directors and Officers Insurance

In compliance with Regulation 25(10) of the Listing Regulations, the Bank had undertaken Directors and Officers insurance ('D&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 appraised 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 FY 2025-26 are detailed below:

a. List of Senior Management as on March 31, 2026:

Name	Designation
Mr. Krishnan Venkat Subramanian	Managing Director & CEO
Mr. Harsh Dugar	Executive Director
Mr. Venkatraman Venkateswaran	Executive Director
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
Mr. Virat Sunil Diwanji	National Head - Consumer Banking
Mr. Chitrabhanu K G	EVP & Country Head -Agri, Micro & Rural Banking
Mr. Mahesh R	EVP & Country Head- Loan Collection & Recovery
Mr. Predeep K	EVP & Country Head - Commercial Banking
Mr. Eqbal Manoj	EVP & Head - Branch Banking
Mr. Damodaran C	EVP & Chief Risk Officer
Mr. Rajanarayanan N	EVP & Chief Human Resources Officer
Mr. Indraneel Ajitkumar Pandit	EVP & Chief Digital Officer
Mr. Jimson Cherian	EVP & Head - Credit (CB, BUB, RETAIL, CV/CE & AGRI)
Mr. Joy P V	EVP & Country Head – Retail Liability & Fee Products
Mr. Samir Pravinbhai Rajdev	EVP & Company Secretary
Mr. Srinivasan P	EVP & Head - Business Initiatives (Wholesale Banking)
Mr. Biju K	EVP & Chief Data Protection Officer
Mr. Nitin Jalan	EVP & Head- Credit (CIB)
Mr. M V S Murthy	EVP & Chief Marketing Officer
Mr. Virendra Suryabhan Somwanshi	EVP & Head - Wealth & Banca
Ms. Bincy Cherian	SVP - Chief of Internal Vigilance & Head - Fraud Risk Management

Note: Mr. Manikandan M was appointed as the Chief Financial Officer of the Bank w.e.f May 01, 2026 by the Board at its meeting dated April 29, 2026.

A Brief Profile of all the Senior Management Personnel (SMP) is available on the Bank's website at https://www.federal.bank.in/key-personnel

b. Changes in Senior Management during FY 2025-26:

Name	Particulars of change in SMP
Ms. Shalini Warrier	Resigned as Executive Director of the Bank w.e.f May 23, 2025
Mr. Venkatraman Venkateswaran	Appointed as the Executive Director on the Board of the Bank w.e.f July 10, 2025 as per RBI approval letter dated July 09, 2025
Mr. Kuriakose Conil	Retired as EVP & Country Head - CAD, CRMD & Remedial Management on March 31, 2026
Mr. Mohan K	Retired as EVP & Country Head -Agri, Micro & Rural Banking w.e.f May 31, 2025
Mr. Rathish R	Retired as EVP & Country Head - Business Banking w.e.f May 31, 2025
Mr. Virat Sunil Diwanji	Joined the Bank on April 10, 2025 as Group President- National Head - Consumer Banking

BOARD COMMITTEES AND ITS TERMS OF REFERENCE

To enable better and more focused attention on the affairs of the Bank, the Board delegates particular matters to Committees of the Board set up for the purpose. These Committees prepare the groundwork for decision-making and report the same to the Board at the subsequent meetings. These Committees monitor the activities as per the scope defined in their charter and terms of reference.

The recommendations, observations, and decisions of the Committees are placed before the Board for its information or approval, as appropriate. The Chairperson of each Committee apprises the Board of the key discussions and decisions taken during Committee meetings. During the year under review, there has been no instances of rejection by the Board of any recommendations made by any of its Committees.

Details regarding the roles and composition of the Board Committees, along with the number of meetings held during the Financial Year and attendance thereat, are provided below.

A. Audit Committee

Composition & Meetings

As on March 31, 2026, Audit 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 two-thirds of them being Independent Directors. Chairman of the Committee is an Independent Director who is not the Chair of the Board.

During the FY 2025-26, the Audit Committee met Twenty Five (25) times on April 30, 2025, May 12, 2025, June 03, 2025, June 20, 2025, June 26, 2025, August 02, 2025, August 07, 2025, August 19, 2025, September 08, 2025, September 24, 2025, October 17, 2025 [October 18, 2025 (Adjourned meeting of the Audit Committee dated October 17, 2025)], October 24, 2025, November 06, 2025, November 12, 2025, November 17, 2025, November 18, 2025, November 26, 2025, December 01, 2025, December 18, 2025, January 07, 2026, January 16, 2026, January 23, 2026, February 27, 2026, March 14, 2026, March 17, 2026 [March 20, 2026 (Adjourned meeting of the Audit Committee dated March 17, 2026)]. 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	25	25
Mr. Sudarshan Sen	Independent Director	Member	25	24
Mr. Sankarshan Basu	Independent Director	Member	25	25
Mr. Ramanand Mundkur	Independent Director	Member	25	25

Mr. Manoj Fadnis, the Chairman of Audit Committee, attended the AGM held on August 29, 2025.

The terms of reference of the Audit Committee as incorporated in the Bank's Code of Corporate Governance, are in accordance with the SEBI 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 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, 2026, 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 FY 2025-26, the Nomination, Remuneration, Ethics and Compensation Committee met Twenty Five (25) times on April 07, 2025, April 09, 2025, April 17, 2025, April 29, 2025, June 07, 2025, June 14, 2025, June 16, 2025, June 21, 2025, June 27, 2025, June 28, 2025, July 19, 2025, July 28, 2025, August 11, 2025, August 18, 2025, September 09, 2025, September 25, 2025 [Adjourned Meeting held on September 25, 2025], October 08, 2025, November 06, 2025 [Adjourned Meeting held on November 06, 2025], December 20, 2025, December 22, 2025, January 02, 2026, January 10, 2026, February 04, 2026, March 16, 2026 and March 21, 2026.

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	25	25
Mr. Manoj Fadnis	Independent Director	Member	25	25
Mr. Sudarshan Sen	Independent Director	Member	25	24
Mr. Ramanand Mundkur*	Independent Director	Member	25	10

**Mr. Ramanand Mundkur (DIN: 03498212), was inducted as a member of the Committee w.e.f. 11.09.2025.*

During the FY 2025-26, the Committee was re-constituted once on September 11, 2025.

Mr. Siddhartha Sengupta, who is the Chairman of Committee attended the AGM held on August 29, 2025.

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.

10. 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.

11. Considering grant of Stock Options to employees.

12. To review Talent pool creation/ Succession Planning Policy 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, 2026, Stakeholders Relationship Committee consists of members as stated below. The composition of the Committee is in conformity with the regulatory requirements. Mr. Samir P Rajdev, EVP & Company Secretary acts as the Compliance Officer.

During the FY 2025-26, the Committee met Four (04) times on September 18, 2025, November 25, 2025, December 16, 2025 and February 07, 2026.

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	4	4
Mr. A P Hota*	Independent Director	Member	4	3
Mr. Krishnan Venkat Subramanian	Executive Director	Member	4	4
Mr. Harsh Dugar	Executive Director	Member	4	4

**Mr. A P Hota (DIN: 02593219) retired from the Bank as Chairman & Independent Director w.e.f January 14, 2026, on expiry of his term and ceased to be a member of the Committee with effect from the same date.*

During the FY 2025- 26, the Committee was re-constituted once on January 15, 2026.

Mr. Ramanand Mundkur, the Chairman of the Committee, attended the AGM held on August 29, 2025.

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 authorised 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 FY 2025-26 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
0	20	20	0

As on March 31, 2026, apart from the above-mentioned complaints, around 1844 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 of Credit, Investment and Raising Capital Committee

As on March 31, 2026, 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 FY 2025-26, the Credit, Investment and Raising Capital Committee met Twenty (20) times on April 25, 2025, May 30, 2025, June 23, 2025, July 28, 2025, July 29, 2025, August 05, 2025, August 25, 2025, September 12, 2025, September 25, 2025, October 24, 2025, November 08, 2025, November 24, 2025, December 02, 2025, December 26, 2025, December 29, 2025, January 22, 2026, February 16, 2026, February 23, 2026, March 10, 2026, and March 25, 2026.

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	20	20
Ms. Varsha Purandare	Independent Director	Member	20	19
Mr. Ramanand Mundkur	Independent Director	Member	20	20
Mr. Elias George	Independent Director	Member	20	19
Mr. Krishnan Venkat Subramanian	Executive Director	Member	20	16
Mr. Harsh Dugar	Executive Director	Member	20	16

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 (Rs.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

Composition and Meetings

As on March 31, 2026, the Risk Management Committee consisted of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

During the FY 2025-26, the Committee met Twelve (12) times on June 25, 2025, July 05, 2025, August 26, 2025, October 04, 2025, November 05, 2025 [November 06, 2025 (Adjourned meeting held on November 05, 2025)], November 07, 2025, November 28, 2025, December 19, 2025, January 30, 2026, February 17, 2026, March 18, 2026, and March 31, 2026.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Sudarshan Sen	Independent Director	Chairman	12	12
Mr. Siddhartha Sengupta	Independent Director	Member	12	12
Mr. Sankarshan Basu	Independent Director	Member	12	12
Mr. Krishnan Venkat Subramanian	Executive Director	Member	12	11

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 Committee

As on March 31, 2026, the Customer Service Committee consisted of members as stated below. The composition of the Committee is in conformity with the regulatory requirements. The name of the Committee was changed from Customer Service, Marketing Strategy and Digital Banking Committee to Customer Service Committee w.e.f. November 19, 2025 to limit the scope of the Committee strictly to matters directly pertaining to customer service.

During the FY 2025-26, the Committee met Six (6) times on April 08, 2025, June 24, 2025, September 20, 2025, November 05, 2025 [Adjourned meeting held on November 05, 2025], December 24, 2025 and March 07, 2026.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Ms. Varsha Purandare	Independent Director	Chairperson	06	06
Mr. Sudarshan Sen*	Independent Director	Member	06	01
Mr. A P Hota**	Independent Director	Member	06	05
Mr. Ramanand Mundkur	Independent Director	Member	06	06
Mr. Krishnan Venkat Subramanian	Executive Director	Member	06	05
Ms. Shalini Warrier#	Executive Director	Member	06	01
Mr. Venkatraman Venkateswaran^	Executive Director		06	02

**Mr. Sudarshan Sen (DIN: 03570051) was inducted as the member of the Committee w.e.f January 15, 2026*

***Mr. A. P. Hota (DIN: 02593219) retired from the Bank as Chairman & Independent Director w.e.f January 14, 2026, on expiry of his term and ceased to be a member of the Committee with effect from the same date.*

 # Ms. Shalini Warrier (DIN: 08257526) resigned from the Bank as Executive Director from the closing business hours on May 23, 2025 and ceased to be the member of the committee w.e.f the same day

^Mr. Venkatraman Venkateswaran (DIN: 00031794) was appointed as the Executive Director of the Bank with effect from July 09, 2025, and was inducted as member of the Committee w.e.f July 30, 2025

During the FY 2025-26, the Committee was re- constituted four times on May 24, 2025, July 30, 2025, November 19, 2025 and January 15, 2026.

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 annual surveys conducted that provide quantitative and qualitative information on the state of customer satisfaction.
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 brought by the awards, 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. This review should cover the committee's performance, the areas examined, and any procedures or practices that have been identified, simplified, or introduced.
9. Review inputs and suggestions submitted by branch-level committees, routed through the Standing Committee on Customer Service, and ensure that necessary policy or procedural actions are initiated based on the feedback received. Ensure that the bank takes appropriate measures to facilitate accessibility for persons with disabilities. The Committee shall periodically review progress reports submitted by the bank on these initiatives and ensure compliance with the prescribed standards.
10. Review the statement of complaints, along with a detailed analysis, placed before the Board/ Customer Service Committee. The analysis should cover identification of customer service areas where complaints are frequently received, highlight common sources of complaints, detect systemic deficiencies, and recommend appropriate actions to strengthen and improve the effectiveness of the grievance redressal mechanism.
11. Review periodic reports from the bank detailing the number of claims received in respect of deceased locker-hirers and depositors of safe custody article accounts, including those pending beyond the stipulated period along with reasons for delay on a half-yearly basis. The Committee shall monitor the settlement of such claims and provide guidance to ensure timely resolution.
12. Ensure effective implementation of doorstep banking services for senior citizens above 70 years and differently abled persons, in line with the Board-approved policy, including nationwide coverage and adequate publicity. Review quarterly progress reports and enforce compliance with prescribed instructions within stipulated timelines.
13. Tri-ennial audit of depositor services
14. Review of relevant instructions issued by other regulators
15. Review of cases reported under Limited Liability in unauthorized electronic banking transactions Policy.
16. Review periodic reports furnished by the Internal Ombudsman, including analysis of complaints and related activities, at intervals preferably quarterly but not less than half-yearly, and ensure that cases where the Internal Ombudsman's decisions have been rejected by the regulated entity are discussed by the Committee to determine appropriate actions.
17. Approval of structure of emoluments, facilities and benefits accorded to Internal Ombudsman keeping in view the stature and position of the Internal Ombudsman.
18. Review and approval of Standard Operating Procedure (SOP) formulated by the Bank for addressing complaint redressal.

G. Special Committee of the Board for Monitoring and Follow up of Cases of Frauds

Composition and Meetings

As on March 31, 2026, 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.

During the FY 2025-26, the Committee met Five (5) times on, April 29, 2025, July 02, 2025, July 29, 2025, October 28, 2025, and March 21, 2026.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Ramanand Mundkur	Independent Director	Chairman	05	05
Mr. Manoj Fadnis	Independent Director	Member	05	05
Mr. Sankarshan Basu	Independent Director	Member	05	05
Mr. Krishnan Venkat Subramanian	Executive Director	Member	05	05
Mr. Harsh Dugar	Executive Director	Member	05	05

Terms of Reference/ Roles and Responsibilities of the Committee are:

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.

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 thereof

H. Human Resources Committee:

Composition and Meetings

As on March 31, 2026, the Human Resources Committee consisted of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

During the FY 2025-26, the Committee met Two (2) times September 09, 2025 and February 16, 2026.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Elias George	Independent Director	Chairman	02	02
Mr. Siddhartha Sengupta	Independent Director	Member	02	02
Mr. Manoj Fadnis	Independent Director	Member	02	02
Mr. Krishnan Venkat Subramanian	Executive Director	Member	02	02

During the FY 2026-27, Human Resource Committee merged with Nomination, Remuneration, Ethics and Compensation Committee with effect from May 01, 2026.

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

As on March 31, 2026, the Information Technology & Operations Committee consist of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

The Information Technology and Operations Committee of the Board shall advice on the strategic direction of the Technology and Operations functions within the Bank.

During the FY 2025-26, the Committee met Six (6) times on June 21, 2025, August 08, 2025, September 30, 2025, November 18, 2025, February 17, 2026, and March 12, 2026.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Elias George*	Independent Director	Chairman	06	06
Mr. A P Hota**	Independent Director	Chairman	06	04
Ms. Varsha Purandare	Independent Director	Member	06	06
Mr. Manoj Fadnis^	Independent Director	Member	06	02
Mr. Krishnan Venkat Subramanian	Executive Director	Member	06	05
Ms. Shalini Warrier^^	Executive Director	Member	06	00
Mr. Venkatraman Venkateswaran#	Executive Director	Member	06	01

**Mr. Elias George (DIN: 00204510) was appointed as the Chairman of the Committee w.e.f January 15, 2026*

***Mr. A. P. Hota (DIN: 02593219) retired from the Bank as Chairman & Independent Director w.e.f January 14, 2026, on expiry of his term and ceased to be a member of the Committee w.e.f the same date.*

^Mr. Manoj Fanis (DIN: 01087055) was appointed as member of the Committee w.e.f January 15, 2026

^^ Ms. Shalini Warrier (DIN: 08257526) resigned from the Bank as Executive Director from the closing business hours on May 23, 2025 and ceased to be the member of the committee w.e.f the same day

#Mr. Venkatraman Venkateswaran (DIN: 00031794) was appointed as the Executive Director of the Bank with effect from July 09, 2025, and was inducted as member of the Committee w.e.f July 30, 2025

During the FY 2025-26, the Committee was re-constituted thrice i.e. on May 24, 2025, July 30, 2025 and January 15, 2026.

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 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

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

Board members and Management officials shall engage in and promote honest and ethical conduct of Bank's business in a professional manner in order to protect Banks public image and reputation. Board members and Senior Management officials must act honestly, while discharging their duties. Board members are required to discharge certain duties as mentioned in Section 166 of the Companies Act, 2013 and the duties, roles and functions of Independent Directors as contained in Schedule IV of the Companies Act,2013.

J. Corporate Social Responsibility Committee

As on March 31, 2026, the Corporate Social Responsibility Committee consist of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

During the FY 2025-26, the Committee met Three (3) times on May 20, 2025, October 30, 2025 and March 18, 2026.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Sankarshan Basu	Independent Director	Chairman	03	03
Mr. Krishnan Venkat Subramanian*	Managing Director	Member	03	02
Ms. Shalini Warrier^	Executive Director	Member	03	01
Mr. Harsh Dugar	Executive Director	Member	03	03
Mr. Venkatraman Venkateswaran#	Executive Director	Member	03	02

**Mr. Krishnan Venkat Subramanian (DIN: 00031794) ceased to be a member of the Committee w.e.f January 15, 2026*

^Ms. Shalini Warrier (DIN: 08257526) resigned from the Bank as Executive Director from the closing business hours on May 23, 2025 and ceased to be the member of the committee w.e.f the same day

#Mr. Venkatraman Venkateswaran (DIN: 00031794) was appointed as the Executive Director of the Bank with effect from July 09, 2025, and was inducted as member of the Committee w.e.f July 30, 2025

During the FY 2025-26, the Committee was re-constituted thrice on May 24, 2025, July 30, 2025 and January 15, 2026.

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

As on March 31, 2026, 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 FY 2025-26, the Committee met Three (3) times on June 16, 2025, February 07, 2026 and March 26, 2026.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Krishnan Venkat Subramanian	Executive Director	Chairman	03	03
Mr. Manoj Fadnis*	Independent Director	Member	03	01
Mr. Ramanand Mundkur^	Independent Director	Member	03	02
Mr. Sudarshan Sen	Independent Director	Member	03	03

**Mr. Manoj Fadnis (DIN: 01087055) ceased to be a member of the Committee w.e.f January 15, 2026*

^ Mr. Ramanand Mundkur (DIN: 03498212) was appointed as the member in the Committee w.e.f January 15, 2026

During the FY 2025-26, the Committee was re-constituted once on January 15, 2026.

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

Overview

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.federal.bank.in/documents/d/guest/policy-for-determination-of-material-subsidiary_26

As on March 31, 2026, 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.

Governance and Board Representation

The Bank ensures appropriate representation on the Boards of its subsidiaries, associate, and joint venture companies. As on March 31, 2026, the following Directors of the Bank also serve on these Boards:

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.

Listed Subsidiary

Fedbank Financial Services Limited is listed on 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 – 94th Annual General Meeting

Day, Date, Time and Location – Friday, August 29, 2025, at 11:00 AM through Video Conferencing/ Other Audio-Visual

Special Resolutions –

- Re-appointment of Ms. Varsha Purandare (DIN: 05288076) as an Independent Director of the Bank for second term
- Raising of funds through issuance of Bonds
- Raising of Tier-1 Capital of the Bank through Issuance of Securities
- To approve adoption of The Federal Bank Limited Employee Stock Option Scheme 2025
- To approve adoption of The Federal Bank Limited Employee Stock Incentive Scheme 2025

Name of Meeting – 93rd Annual General Meeting

Day, Date, Time and Location – Saturday, August 31, 2024, at 11:00 AM through Video Conferencing/ Other Audio-Visual

Special Resolutions –

- Raising of Funds through Issuance of Bonds
- Revision of Compensation by way of Fixed Remuneration to Non-Executive Directors (excluding the Non-Executive Part-time Chairman)

Name of Meeting – 92nd Annual General Meeting

Day, Date, Time and Location – Friday, August 18, 2023, at 11.00 AM through Video Conferencing/ Other Audio-Visual

Special Resolutions –

- Payment of Compensation by way of Fixed Remuneration to Non-Executive Directors (excluding the Non-Executive Part-time Chairman)
- Amendments to the Articles of Association (AOA) of the Bank
- Issuance of equity shares on preferential basis
- Raising of Funds through Issuance of Bonds
- Increase in borrowing limit
- Adoption of The Federal Bank Limited Employee Stock Option Scheme 2023
- Adoption of The Federal Bank Limited Employee Stock Incentive Scheme 2023
- 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.*

B. Postal Ballot

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, Regulation 44 of the SEBI Listing Regulations, Secretarial Standard on General Meetings ("SS-2") issued by the Institute of Company Secretaries of India, including any statutory modification(s), clarification(s), substitution(s) or re-enactment(s) thereof for the time being in force, guidelines/ circulars prescribed by the Ministry of Corporate Affairs (the "MCA"), for holding general meetings/ conducting postal ballot process through electronic voting (remote e-voting) and any other applicable laws and regulations.

i) Postal Ballot conducted during FY 2025-26

During the FY 2025-26, the Bank did not seek shareholders' approval on any matter by way of Postal Ballot.

ii) Postal Ballot conducted during FY 2026-27

During the FY 2026–27, the Bank sought the approval of the shareholders on specific matter(s) through Ordinary Resolution(s) only by Postal Ballot pursuant to the notice dated April 29, 2026, which was circulated on May 05, 2026.

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.

SEP & Associates, Practicing Company Secretaries, was 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.

All the relevant details are also hosted on the Bank's website at https://www.federal.bank.in/disclosures-to-shareholders.

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 at https://www.federal.bank.in/documents/d/guest/code-of-corporate-governance-and-code-of-conduct-for-the-board-of-directors-and-management30042026.

All the Board Members and Senior Management Personnel have confirmed compliance with the code during the year 2026. A declaration to that effect signed by the MD & CEO forms part of the Annual Report of the Bank.

B. Related Party Transactions

The Bank has in place a Board-approved Policy on Related Party Transactions, which is designed to ensure appropriate reporting, approval, and disclosure mechanisms for all such transactions. The Policy, as approved by the Audit Committee and the Board of Directors, is available on the Bank's website at: https://www.federal.bank.in/documents/10180/45777/Policy+on+RPT+-+15102025.pdf/cd2c8726-5b80-20de-d44a-7c1f58a50981?t=1760517741863

All Related Party Transactions entered into during the Financial Year were at arm's length basis and in the ordinary course of business except the transaction mentioned in AOC -2 which is annexed to the Directors Report. The Bank did not enter into any materially significant transactions with related parties that could potentially give rise to a conflict of interest between the Bank and such parties. All related party transactions were placed before the Audit Committee for approval/ratification.

Omnibus approval for repetitive transactions is obtained from the Audit Committee, and details of such transactions are presented to the Committee on a quarterly basis in line with the terms of the approval. Further, in compliance with Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, the Bank has submitted half-yearly reports on Related Party Transactions to the Stock Exchanges.

The details of Related Party Transactions are provided in the notes forming part of the standalone and the consolidated financial statements.

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 the last three years.

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 proprietary 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. Code of Conduct for Regulating, Monitoring and Reporting Trading by Insiders and Code of Practices and Procedures for Fair Disclosure

The Bank has adopted a Code of Conduct for Regulating, Monitoring and Reporting Trading by Insiders and Code of Practices and Procedures for Fair Disclosure (the Code), in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code was revised during the year to align with the amendments to the said regulations.

The Code provides guidelines to the Directors, Management, Employees, and other connected persons on the procedures to be followed and the disclosures to be made while dealing in the Bank's securities. It also lays down norms for handling Unpublished Price Sensitive Information (UPSI) and highlights the consequences of any violations. The Bank is committed to maintaining high standards of compliance and governance, and appropriate action is taken in line with the Code whenever a violation is identified.

Mr. Samir P. Rajdev, Company Secretary of the Bank, has been designated as the Compliance Officer for the purpose of these regulations.

G. Whistle Blower Policy/Vigil Mechanism

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. PDS ensures strict confidentiality and offers protection to whistleblowers against any form of retaliation, discrimination, or victimization. A dedicated email ID is available for submitting disclosures under this scheme. All complaints received are examined thoroughly, and appropriate action is taken in accordance with established procedures. The functioning of the whistleblower mechanism, along with details of complaints received and actions taken, is periodically reviewed by the Audit Committee of the Board. No one has been denied access to the Audit Committee to express concerns or report grievances under the Whistle Blower Policy and / or vigil mechanism.

During FY 2025–26, a total of 20 complaints were received under PDS, all of which were duly examined and addressed in line with the Bank's policy framework. The Whistle Blower Policy (PDS) is accessible on the Bank's official website and intranet: https://www.federal.bank.in/documents/10180/45777/Whistle+Blower+policy+or+PDS.pdf/558aea51-1335-4546-9c9a-28c5030377a1?t=1719555373881

The Bank has established a robust Fraud Risk Management Framework that provides comprehensive guidance on identifying, assessing, and mitigating fraud risks. All reported or detected cases are thoroughly investigated, including root cause analysis and appropriate process improvements and systemic controls are implemented to prevent recurrence.

A combination of preventive, detective, and surveillance measures are deployed to address both internal and external fraud risks. Continuous sensitization initiatives for employees and customers play a critical role in fostering a culture of vigilance and risk awareness.

Vigilance Department conducts Preventive Vigilance Workshops aimed at highlighting vulnerabilities commonly exploited by fraudsters and equipping employees with practical strategies to mitigate such risks. In addition, Fraud Prevention Committee meetings are held regularly at the branch level to enhance awareness of emerging fraud trends, their modus operandi, and appropriate preventive measures. Annual Preventive Vigilance Assessments are undertaken in selected branches based on risk profiling to strengthen internal controls.

The Bank remains committed to spreading awareness on financial/ cyber frauds among the public through multiple communication channels, including SMS alerts, emails, branch displays, website messages, and internet banking platforms. Particular emphasis is placed on cyber fraud awareness. The "Twice is Wise" cybersecurity campaign, launched in 2020, continues to serve as a key initiative in promoting safe banking practices. Through this campaign, as well as the dissemination of alerts, posters, and educational videos via social media, television, and digital platforms, the Bank actively educates customers on emerging cyber threats and preventive measures.

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.federal.bank.in/documents/10180/45777/Dividend+Distribution+Policy_FY25.pdf/79586d5e-c92d-4c7c-04e7-d22284f99a3d?t=1744254632934

I. CEO/CFO Certification

The MD & 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. Raising of funds raised through issue of Warrants

During the year, the Bank allotted 27,29,74,043 warrants, each convertible into fully paid-up equity share of the Bank of face value Rs. 2/- each ('Warrants'), at an issue price of Rs. 227/- per warrant, payable in cash ('Warrant Issue Price') on February 16, 2026. The aggregate value of warrant issue amounts to Rs. 61,96,51,07,761. The amount of consideration received as on the date of allotment Rs. 1,549,12,76,941 (i.e. 25% of the aggregate consideration)

Further 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 SEP & Associates, 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. 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 MD & 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 IARCE 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 IARCE. A team of executives at Internal Audit Department called the "Special Surveillance Cell" meet at least once in a month 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/ penalties imposed by RBI reported in the Bank or in the banking Industry as a whole for bringing necessary changes in the Audit Function based on the learning. 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.

M. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Requisite information is included in the Director's Report and forms an integral part of this Integrated Annual Report.

N. Fees paid to Statutory Auditors

M S K A & Associates LLP, Chartered Accountants and Suri & Co. Chartered Accountants, have conducted the statutory audit of the Bank for FY 2025-26, 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 Joint Statutory Auditors and the Firm's affiliate entities during the FY 2025-26 is as below:

(Rs. in Crore)

Particulars	Particulars
Audit Fee	4.00
Fee for certification and other attest services**	0.40

**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.*

O. Credit Ratings and Change/ Revisions in Credit Ratings for Debt Instruments

Type of Instrument	Rating Agency	Credit Rating
Certificate of Deposit Programme of the Bank	CRISIL	A1+
Short-Term Fixed Deposits of the Bank	CRISIL	A1+
Fixed Deposit Programme of the Bank	CRISIL	AAA (Stable)
Tier II bonds (Under Basel III)	CARE	AA+ (Stable)
Issuer Rating	CARE	AA+ (Stable)
Infrastructure Bonds	CARE	AA+ (Stable)
Tier II bonds (Under Basel III)	India Rating and Research	IND AA+/Stable
Infrastructure Bonds	India Rating and Research	IND AA+/Stable

P. DEBENTURE TRUSTEES

In accordance with the SEBI Listing Regulations, companies that have listed their debt securities are required to disclose the names and contact details of their debenture trustees in the Annual Report. Accordingly, the following entity serve as debenture trustee for the Bank's privately placed bonds:

IDBI Trusteeship Services Limited,
Universal Insurance Building,
Ground Floor, Sir P.M. Road,
Fort, Mumbai – 400001

- For Rs 700 Crore Issuance bearing ISIN INE171A08032 issued on 20-01-2022.
- For Rs 995 Crore Issuance bearing ISIN INE171A08040 issued on 29-03-2023.
- For Rs 1500 Crore Issuance bearing ISIN INE171A08057 issued on 12-11-2024 (Infra Bonds).

Q. Outstanding GDRS/ADRS/Warrants or any Convertible Instruments, Conversion Date and Likely Impact on Equity

The Bank has 2,50,20,760 GDRs (equivalent to equity shares) outstanding, which constituted 1.015% of the Bank's total capital as of March 31, 2026.

The Bank allotted 27,29,74,043 warrants, each convertible into fully paid-up equity shares of the Bank of face value Rs. 2/- each ('Warrants'), at an issue price of Rs. 227/- per warrant, payable in cash ('Warrant Issue Price') on February 16, 2026. The tenor of the Warrants is 18 months from the date of their allotment. The amount of consideration received as on March 31, 2026 Rs. 1,549,12,76,941 (i.e. 25% of the aggregate consideration).

R. Compliance with Mandatory Requirements

The Bank has adhered to all applicable mandatory requirements of the SEBI Listing Regulations during the FY 2025-26. The quarterly Corporate Governance compliance report, in the prescribed format and duly certified by the Compliance Officer, is regularly submitted to the Stock Exchanges where the Bank's equity shares are listed. All requisite disclosures under the SEBI Listing Regulations have been duly incorporated across relevant sections of the Board's Report and the Corporate Governance Report, ensuring full compliance.

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, 2026.

B. Separate posts of Chairman and Chief Executive Officer

The Bank has also complied with the non-mandatory requirement of maintaining separate positions for the Chairman and the Chief Executive Officer. Mr. A. P. Hota, an Independent Director, served as the Part-Time Chairman until his retirement from the Board upon completion of his eight-year tenure at the close of January 14, 2026 whereas, Mr. Krishnan Venkat Subramanian serves as the Managing Director and Chief Executive Officer of the Bank. Mr. Elias George took charge as Part- time Chairman of the Bank w.e.f May 23, 2026 as approved by RBI.

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.federal.bank.in.

MEANS OF COMMUNICATION

A. Financial Results

The Bank's quarterly unaudited and annual audited standalone and consolidated financial results are published in Financial Express and Deepika Daily. These results are also made available on the Bank's website at https://www.federal.bank.in/financial-result.

B. News Releases/ Presentations

In line with good Corporate Governance practices, all official press releases, financial results, webcasts, and analyst presentations are hosted on the Bank's website at www.federal.bank.in. Investors are encouraged to access and review these documents through the website.

C. Earnings Calls, and Investor Presentations:

The Bank regularly conducts earnings calls to discuss its financial performance and business outlook with investors and analysts. It also participates in investor conferences and investor/analyst meets. The schedule of such engagements are submitted to the Stock Exchanges and disclosed on the Bank's website at https://www.federal.bank.in/disclosures-to-shareholders.

D. Website

The Bank's website, www.federal.bank.in, features a dedicated 'Investor Relations' section for the benefit of investors. This section provides prompt and prominent access to quarterly, half-yearly, and annual financial results, as well as official news releases and presentations made to institutional investors and analysts. It also hosts Annual Reports, Quarterly Corporate Governance Reports, Shareholding Patterns, and other corporate communications submitted to the Stock Exchanges. Annual reports of the Bank's subsidiary companies are also available on the website.

Additionally, the 'Investor Relations' section includes details of unclaimed dividend warrants for dividends declared up to the financial year ended March 31, 2026, facilitating shareholders in claiming such amounts. Relevant downloadable forms for shareholders are also provided.

A dedicated share price page offers real-time stock price updates, stock movement trends, and historical share price data.

E. Communication to Shareholders on e-mail

Key documents, including Notices and Annual Reports, are transmitted electronically to shareholders at their registered email addresses with their Depository Participants/Bank/ Registrar and Transfer Agent (RTA). This approach ensures timely delivery, reduces paper usage, and minimizes the risk of loss in transit.

Shareholders who have not registered or wish to update their email addresses are requested to do so through their depositories or by contacting the Bank or RTA.

F. Reminders to Shareholders

The Bank issues periodic reminders to shareholders regarding unclaimed shares liable for transfer to the Investor Education and Protection Fund (IEPF) Authority, based on its records. As of the date of this report, communications have also been sent requesting shareholders to update their KYC details, nomination information, and bank account details to facilitate electronic payment of dividends, interest, or redemption proceeds effective April 1, 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 an 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 21, 2026; Time: 11.00 AM;

Venue: Through Video Conferencing ('VC') or Other Audio-Visual Means ('OAVM')

C. Financial Calendar

Financial Year: April 1, 2025, to March 31, 2026

For the Financial Year ended March 31, 2026, results were announced on:

- First Quarter: August 02, 2025
- Second Quarter: October 18, 2025
- Third Quarter: January 16, 2026
- Fourth Quarter & Annual: April 29, 2026

D. 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 95th AGM, by way of electronic mode only.

The Bank has fixed Friday, August 14, 2026 as the 'Record Date', for the purpose of determining the members of the Bank eligible to receive the Final Dividend for FY 2025-26.

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.

E. 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 FY 2017-18 amounting to Rs. 60,15,055/- 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 29, 2025.

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.federal.bank.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
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
2024-25	Final	60	29.08.2025	28.09.2032

H. 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 FY 2025-26, 3,60,270 equity shares of the Bank were transferred to the IEPFA. Relevant details of such shares are available on the website of the Bank, www.federal.bank.in.

I. 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.

J. 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 FY 2026-27 to BSE and NSE have been paid. Primary Markets Annual Fee to LSE for the period January 01, 2026 to December 31, 2026 has been paid.

The Bank has 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 FY 2026-27.

K. Equity Evolution during the year

As of March 31, 2026, the paid-up share capital of the Bank was Rs. 4,928,564,712/- consisting of 2,464,282,356 equity shares of Rs. 2/- each. Details of equity evolution of the Bank during the year under review is as under.

Allotment of Equity Shares pursuant to exercise of ESOS Allotment (Face Value per Share is Rs. 2/-)	
Allotment Date	**No. of Shares Allotted**
05.04.2025	35,753
11.04.2025	69,321
23.04.2025	34,188
04.05.2025	2,14,216
09.05.2025	1,24,142
17.05.2025	1,25,905
26.05.2025	1,00,441
03.06.2025	97,795
11.06.2025	1,00,604
19.06.2025	2,69,287
24.06.2025	80,975
03.07.2025	1,02,205
10.07.2025	1,87,282
24.07.2025	3,73,493
31.07.2025	1,68,223
08.08.2025	2,06,736
15.08.2025	5,46,601
23.08.2025	1,49,310
30.08.2025	73,019

Allotment of Equity Shares pursuant to exercise of ESOS Allotment (Face Value per Share is Rs. 2/-)	
Allotment Date	**No. of Shares Allotted**
13.09.2025	2,86,621
20.09.2025	1,07,015
27.09.2025	1,17,518
04.10.2025	44,995
12.10.2025	54,157
02.11.2025	3,98,444
09.11.2025	2,82,444
15.11.2025	1,99,166
22.11.2025	1,85,758
01.12.2025	2,59,532
08.12.2025	9,33,783
13.12.2025	99,588
22.12.2025	1,10,582
28.12.2025	1,08,461
04.01.2026	1,12,883
11.01.2026	1,34,876
19.01.2026	2,83,143
26.01.2026	2,05,701
01.02.2026	61,552
08.02.2026	1,62,531
23.02.2026	4,18,906
28.02.2026	1,77,242
09.03.2026	86,162
15.03.2026	3,19,613
23.03.2026	2,17,212
25.03.2026	25,910

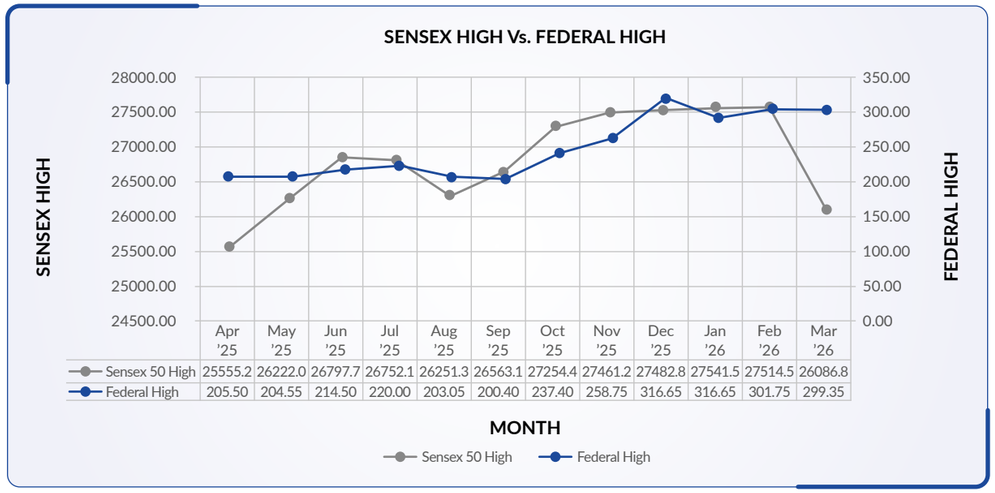
L. Stock Market Data

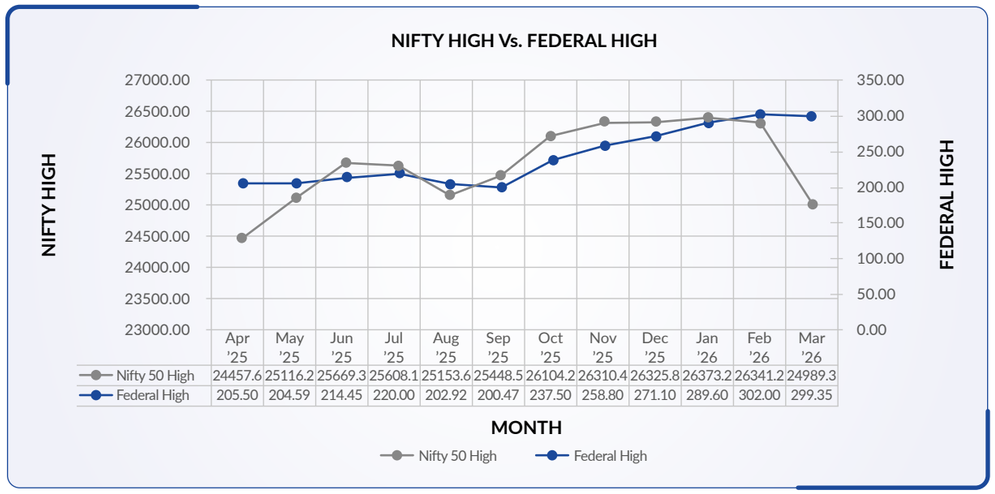
a. Market price data- high, low during each month in the FY 2025-26

Monthly high and low quotations for each month during the FY 2025-26 at the National Stock Exchange of India Limited and the BSE Ltd., are as follows:

NSE			BSE		
Month	**High**	**Low**	**Month**	**High**	**Low**
Apr '25	205.50	186.51	Apr '25	205.50	186.60
May '25	204.59	183.15	May '25	204.55	182.60
Jun '25	214.45	201.71	Jun '25	214.50	201.30
Jul '25	220.00	201.14	Jul '25	220.00	201.15
Aug '25	202.92	185.11	Aug '25	203.05	185.60
Sep '25	200.47	188.40	Sep '25	200.40	188.45
Oct '25	237.50	191.60	Oct '25	237.40	191.65
Nov '25	258.80	232.42	Nov '25	258.75	232.50
Dec '25	271.10	255.35	Dec '25	316.65	242.30
Jan '26	289.60	242.30	Jan '26	289.60	242.30
Feb '26	302.00	276.00	Feb '26	301.75	276.00
Mar '26	299.35	253.30	Mar '26	299.35	253.45

b. Performance in comparison to broad based indices such as BSE – Sensex 50 and NSE – Nifty 50





M. Distribution of Shareholding

Details of distribution of shareholding of the equity shares of the Bank by size and by ownership class on March 31, 2026, along with Shareholders holding more than 1% of shares of the Bank is given below:

Shareholding pattern by size as on March 31, 2026

Value	Total number of Shareholders	% of Shareholders	Total Value (Rs)	% of Shares
Upto 5000	8,22,147	97.23	24,75,97,506	5.03
5001 - 10000	11,202	1.32	8,05,70,140	1.63
10001 - 20000	6,559	0.78	9,38,10,850	1.90
20001 - 30000	2,133	0.25	5,24,86,354	1.06
30001 - 40000	856	0.10	3,03,54,730	0.62
40001 - 50000	559	0.07	2,52,30,850	0.51
50001 - 100000	947	0.11	6,64,79,864	1.35
ABOVE 100001	1,176	0.14	4,33,20,34,418	87.90
TOTAL	**8,45,579**	**100.00**	**4,92,85,64,712**	**100.00**

Shareholding pattern by ownership as on March 31, 2026

Sl. No.	Category	Shares	% of Shares
1.	Alternative Investment Fund	7,08,14,187	2.87
2.	Association of Persons	805	0.00
3.	Banks (Nationalised. & scheduled)	22,17,689	0.09
4.	Clearing Member	1,56,337	0.01
5.	Corporate Bodies	4,97,45,787	2.02
6.	Directors	22,28,125	0.09
7.	Financial Institution & Insurance Company (LIC)	3,15,01,221	1.28
8.	Foreign Institutional Investor's	63,54,92,027	25.79
9.	Global Depository Receipt	2,50,20,760	1.02
10.	Government Companies	1,198	0.00
11.	Investor Education and Protection Fund	82,04,197	0.33
12.	Insurance - Corporates	17,28,04,754	7.01
13.	Limited Liability Partnership	40,98,502	0.17
14.	Mutual Funds	92,94,94,116	37.72
15.	Non-Resident Indian	9,94,21,450	4.03
16.	Provident / Pension Funds	2,23,11,154	0.91
17.	Public & Foreign National	41,02,36,633	16.64
18.	Trusts	5,33,414	0.02
	Total	**2,46,42,82,356**	**100**

Shareholders holding more than 1% as on March 31, 2026

Sl. No.	Name	Shares	% of Shares
1	HDFC Mutual Fund	16,69,46,562	6.77
2	International Finance Corporation	9,36,17,514	3.80
3	Axis Mutual Fund	7,89,23,626	3.20
4	Yusuffali Musaliam Veettil Abdul Kader	7,65,70,640	3.11
5	Nippon Life India Mutual Fund	6,92,33,176	2.81
6	Invesco India Mutual Fund	6,40,01,815	2.60
7	Rekha Jhunjhunwala	5,90,30,060	2.40
8	HDFC Life Insurance Company Limited	5,81,62,489	2.36
9	Aditya Birla Sun Life Trustee Private Limited	5,70,41,806	2.31
10	SBI Mutual Fund	5,65,55,736	2.30
11	HSBC Mutual Fund	5,45,03,878	2.21
12	SBI Life Insurance Company Limited	5,22,41,128	2.12
13	Kotak Mahindra Mutual Fund	4,76,68,216	1.93
14	Mirae Asset Mutual Fund	4,63,84,873	1.88
15	UTI Mutual Fund	4,11,66,427	1.67
16	Canara Robeco Mutual Fund	3,39,77,574	1.38
17	Bank Muscat India Fund	3,33,51,210	1.35
18	Life Insurance Corporation of India	3,15,01,221	1.28
19	Edelweiss Mutual Fund	3,03,31,669	1.23
20	DSP Mutual Fund	2,81,67,044	1.14
21	Vanguard Fund	2,66,35,859	1.08
22	ICICI Mutual Fund	2,54,98,612	1.03
23	Vanguard Fund	2,51,94,855	1.02
24	Deutsche Bank Trust Company Americas	2,50,20,760	1.02
25	Zerodha Broking	2,47,98,512	1.01

Note: As on March 31, 2026, only International Finance Corporation (IFC) and HDFC Asset Management Company Limited (along with their respective group entities) are the major shareholders of the Bank as per the Reserve Bank of India (Commercial Banks – Acquisition and Holding of Shares or Voting Rights) Directions, 2025, (RBI Directions) holding 5.50% (13,55,72,978 shares) and 9.13% (22,51,09,187 shares) respectively. As per the Benpos dated June 19, 2026, the aggregate holding of IFC and its associated entities reduced to 4.87%. Consequently, IFC and its associated entities no longer be a major shareholder of the Bank, as their aggregate holding has fallen below the 5% threshold stipulated under the RBI Directions.

N. Dematerialization of the Bank's Shares

The Paid-up Equity Shares of the Bank as on March 31, 2026, is 2,46,42,82,356 shares. Out of this 2,46,32,88,681 shares are listed. Of the total Paid Up Equity Shares of the Bank, 2,15,44,32,716 shares (87.43%) are held in dematerialized form in NSDL, 29,90,35,352 (12.13%) in CDSL and 1,08,14,288 (0.44%) 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.

O. Registrars and Transfer Agent

In terms of Regulation 7 of the SEBI Listing Regulations, listed entities are required to appoint a Share Transfer Agent or maintain the share transfer facility in-house. In cases where the number of security holders exceeds one lakh, the listed entity is required to either obtain registration as a Category II Share Transfer Agent or appoint a Registrar and Share Transfer Agent registered with SEBI.

The Bank has ensured compliance with the aforesaid requirements by appointing Integrated Registry Management Services Private Limited, Chennai as its RTA and entrusted them with all share transfer related activities, both physical and dematerialized.

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: einward@integratedindia.in

P. 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://ipostatus.integratedregistry.in/KYCRegister.aspx.

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, 2026, 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.

Q. Compliance with Secretarial Standards

The Institute of Company Secretaries of India (ICSI) 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.

R. 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 1640 banking outlets across India as on March 31, 2026.

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 VIOS Tower, Off Eastern Express Highway, Wadala, Mumbai, Maharashtra - 400037 Ph.: 022 - 65916030 Email: secretarial@federal.bank.in

S. Green Initiative

Sections 20 and 136 of the Act, read with the applicable Rules, permit companies to dispatch documents electronically to the email addresses registered by their members.

Pursuant to these provisions and in furtherance of its continued commitment to the 'Go Green' initiative, the Bank has adopted the practice of sending all communications and correspondence via electronic mode to those shareholders who have registered their email addresses with their Depository Participants or with the Bank's Registrar and Transfer Agent (RTA). The relevant details are also hosted on the Bank's website at www.federal.bank.in/shareholder-information.

During the FY 2025-26, the Bank disseminated various documents in electronic form, including the Notice convening the Annual General Meeting, Postal Ballot Notice, Audited Financial Statements, the Board's Report, the Auditors' Report, and dividend credit intimation letters. These communications were sent to the email addresses provided by the members and made available to the Bank through the Depositories and the RTA.

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

Sd/-
Mr. Elias George
Part- time Chairman
and Independent Director
(DIN - 00204510)
Date: July 17, 2026

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 SEBI Listing 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, 2026.

Sd/-
Krishnan Venkat Subramanian
Managing Director & Chief Executive Officer
The Federal Bank Ltd.

Place : Aluva
Date : April 01, 2026

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, 2026, 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.

Place: Aluva
Date: April 29, 2026

Sd/-
Venkatraman Venkateswaran
Executive Director & Chief Financial Officer

Sd/-
Krishnan Venkat Subramanian
Managing Director & CEO

Annexure – 1

Details of other Directorships & Committee Memberships/Chairmanship held as on March 31, 2026

Name of the Director	Status	Directorship*	Category	Committee Membership**	Committee Chairmanship**
Mr. Siddhartha Sengupta	Independent Director	**Unlisted Public Companies**			
		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
		Pan Gulf Technologies Limited	Independent Director	Audit Committee	Audit Committee
Mr. Sudarshan Sen	Independent Director	**Unlisted Public Company**			
		Asset Reconstruction Company (India) Limited	Sponsor Director	Nil	Nil
Ms. Varsha Purandare	Independent Director	**Listed Companies**			
		Kirloskar Pneumatic Company Limited	Independent Director	Stakeholders' Relationship Committee	Stakeholders' Relationship Committee
		Unlisted Public Companies			
		TMF Holdings Limited	Independent Director	Audit Committee	Nil
		Tata Play Limited	Independent Director	Audit Committee	Audit Committee
		TATA AutoComp Systems Limited	Independent Director	Audit Committee	Audit Committee
		TML Commercial Vehicles Limited	Non-Executive Independent Director	Audit Committee & Stakeholders' Relationship Member 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
Mr. Harsh Dugar	Executive Director	**Listed Companies**			
		Fedbank Financial Services Limited	Non-Executive Nominee Director	Nil	Nil
Mr. Venkatraman Venkateswaran	Executive Director	**Unlisted Public Companies**			
		Federal Operations and Services Limited	Non-Executive Director	Nil	Nil
		Ageas Federal Life Insurance Company Limited	Nominee Director	Audit Committee	Nil

**Directorship in Unlisted Public and Listed Companies are only considered.*

***Committee Membership/Chairmanship in Audit Committee and Stakeholder Relationship Committee are only considered.*

CERTIFICATE ON COMPLIANCE WITH THE REGULATIONS OF CORPORATE GOVERNANCE

To
The Members,
The Federal Bank Limited
Federal Towers P B No 103
Alwaye, Eranakulam,
Kerala, India, 683101

1. We have examined the compliance of conditions of Corporate Governance by The Federal Bank Ltd (the "Company") for the financial year ended on March 31, 20i26, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as the "Listing Regulations").

Management's Responsibility

2. 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. Responsibility also includes collecting, collating and validating data and designing, implementing and monitoring of Corporate Governance process suitable for ensuring compliance with the above-mentioned Listing Regulations.

Our Responsibility

3. Pursuant to the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended March 31, 2026.

4. We have examined the compliance of conditions of Corporate Governance by the Company for the period April 01, 2025, to March 31, 2026 as per the Listing Regulations. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance for the period April 01, 2025 to March 31, 2026. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Opinion

5. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the Listing Regulations during the financial year ended March 31, 2026.

6. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Restriction on use

7. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose.

For SEP & Associates UDIN: F003050H000865771
Company Secretaries
(Peer Review Certificate no. 6780/2025)

Sd/-
CS Puzhankara Sivakumar
Managing Partner
COP: 2210 FCS: 3050

Place: Kochi
Date: July 17, 2026

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, Eranakulam,
Kerala, India, 683101

We, SEP & Associates, Company Secretaries, Kochi 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 PB No 103 Alwaye, Eranakulam, Kerala, India -683101 (hereinafter referred to as the "Company"), 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.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & 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, 2026 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	Shri. Siddhartha Sengupta	08467648	13-06-2019
2	Shri. Manoj Fadnis	01087055	13-06-2019
3	Shri. Sudarshan Sen	03570051	11-02-2020
4	Smt. Varsha Vasant Purandare	05288076	08-09-2020
5	Shri. Sankarshan Basu	06466594	01-10-2021
6	Shri. Ramanand Mundkur	03498212	01-10-2021
7	Shri. Elias George	00204510	05-09-2023
8	Shri. Krishnan Venkat Subramanian	00031794	23-09-2024
9	Shri. Harsh Dugar	00832748	23-06-2023
10	Shri. Venkatraman Venkateswaran	09227554	10-07-2025

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 Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For SEP & Associates
Company Secretaries
(Peer Review Certificate no. 6780/2025)

UDIN: F003050H000865769

Sd/-
CS Puzhankara Sivakumar
Managing Partner
COP: 2210 FCS: 3050

Place: Kochi
Date: July 17, 2026

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the Listed Entity	L65191KL1931PLC000368
2.	Name of the Listed 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@federal.bank.in
7.	Telephone	+91-0484-2630996
8.	Website	https://www.federal.bank.in/
9.	Financial Year for which reporting is being done	FY 2025-26
10.	Name of the Stock Exchange(s) 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	₹492.85 Crore as on March 31, 2026
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Shibi Balaram K Head - Credit Risk & ESG Phone: +91-0484-2634086 Email: esg@federal.bank.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	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)

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the Entity
1.	Financial and insurance Service	Banking activities by Central, Commercial and Saving banks	100.00%

17. Products/Services sold by the Entity (accounting for 90% of the Entity's turnover)

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1.	Banking services and Financial Services	64191	100.00%

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	1,640*	1,640
International	Not Applicable	3**	3

**Including 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

Federal Bank is one of the leading private-sector banks in India, is the preferred Personal, NRI and Business banking partner for a growing expanse of customers across India, in both urban and rural areas. As of March 31, 2026, the bank had around 18.10 million customers, the client base ranging from individuals who are both self-employed and salaried, professionals, non-resident Indians, high-net-worth individuals, micro, small, and medium enterprises, sole proprietorships, partnerships to self-help groups, large corporates, trusts, associations, clubs and societies, government institutions and corporations, NGOs, and farmers, including small and marginal farmers, amongst others. For more details refer to Page 98.

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)	16,941	9,913	58.51%	7,028	41.49%
2.	Other than Permanent (E)	740	340	45.95%	400	54.05%
3.	**Total employees (D + E)**	**17,681**	**10,253**	**57.99%**	**7,428**	**42.01%**

Note1: "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.
Note 2 : Employee classification is based on the definitions prescribed under the SEBI BRSR Guidance Note

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)	16	7	43.75%	9	56.25%
2.	Other than Permanent (E)	-	-	-	-	-
3.	**Total differently abled employees (D + E)**	**16**	**7**	**43.75%**	**9**	**56.25%**

21. Participation/Inclusion/Representation of Women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	10	1	10.00%
Key Management Personnel	4	0	0.00%

Note: The Board consists of a unitary (single-tier) structure with an appropriate mix of Executive and Non-Executive Independent Directors, with Independent Directors representing more than one-third of its total strength. As of March 31, 2026, the Bank's Board consisted of ten Directors, including seven Non Executive Independent Directors and three Executive Directors, among whom one is a woman Independent Director.

22. Turnover rate for permanent employees (disclose trends for the past 3 years)

	FY 2025-26			FY 2024-25			FY 2023-24		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	5.01%	5.12%	5.05%	4.70%	3.78%	4.32%	5.01%	4.89%	4.96%

Turnover rate of permanent employees based on the exit type:

	FY 2025-26			FY 2024-25			FY 2023-24		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Voluntary	4.05 %	4.28 %	4.14 %	3.10%	2.90%	3.02%	2.95%	3.53%	3.19%
Involuntary	0.96 %	0.84 %	0.91 %	1.60%	0.88%	1.29%	2.06%	1.36%	1.77%
Total	**5.01 %**	**5.12 %**	**5.05 %**	**4.70%**	**3.78%**	**4.32%**	**5.01%**	**4.89%**	**4.96%**

Note: 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 listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed Entity? (Yes/No)
1	Federal Operations and Services Limited	Subsidiary	100.00%	No
2	Fedbank Financial Services Limited	Subsidiary	60.79%	No
3	Ageas Federal Life Insurance Company Limited	Associate	30.00%	No

VI. CSR Details

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013 (Yes/No) : Yes

(ii) Turnover (in Crore): ₹ 32,135.76

(iii) Net worth (in Crore): ₹ 38,690.54

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 complaint is received	Grievance Redressal Mechanism in place (Yes/No) (If yes, then provide web link for grievance redressal policy)	FY 2025-26			FY 2024-25		
		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	20*	0	All Complaints Resolved	9	0	All complaints resolved
Employees	Yes, Available on Bank's intranet and accessible to all employee	6	0**	-	6	0**	-
Customers	Yes	1,68,101	2,931***		1,74,310	5,005***	_
Value Chain Partners	Yes	_	_		_	_	_
Others (please specify)	_	_	_		_	_	_

**Counts include repeat or duplicate complaints separately registered on the SCORES platform by the same complainant. All such complaints have been duly addressed and closed.*

***Bank has initiated timely measures for an effective redressal of grievances.*

****Majority of the pending cases 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.federal.bank.in/grievance-redressal
- https://www.federal.bank.in/shareholder-information
- ESMS Policy
- Customer Grievance Redressal Policy

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 the 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 presents material risks to the Bank's operations, lending portfolio, and overall financial resilience. Increasing global temperatures, more frequent extreme weather events, and evolving environmental regulations may give rise to the following risks: **a) Physical Risks:** Damage to the Bank's physical assets, including branches, offices, and data centres, resulting from the increasing frequency and intensity of natural disasters. **b) Transition Risks:** Regulatory changes, technological developments and evolving market preferences associated with the transition to a low-carbon economy may affect the performance and risk profile of the Bank's lending and investment portfolio. **c) Liability Risks:** Exposure to legal, regulatory and reputational consequences arising from financing or investment activities that are perceived to contribute to climate change or environmental degradation. **d) Reputational Risks:** Adverse public perception and reputational harm resulting from inadequate climate action, insufficient disclosures or a perceived lack of commitment to sustainability.	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. The 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

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)
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
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 drives operational efficiency, enhances customer experiences, and strengthens competitive positioning. The increasing adoption of digital transactions enables greater customer engagement while improving cost efficiencies across operations.	---	Positive
7	Customer Relationship Management	Risk	Ineffective grievance redressal mechanisms can result in customer dissatisfaction, regulatory sanctions, and reputational damage. Ensuring timely, fair, and accurate resolution of customer complaints is critical to maintaining stakeholder trust, enhancing customer experience, and meeting regulatory expectations.	A robust grievance redressal mechanism has been established to ensure effective handling and timely resolution of customer complaints in accordance with regulatory requirements. A quality assurance and audit framework has also been implemented to verify that appropriate resolutions are communicated to customers within the prescribed turnaround time (TAT). Additionally, the mechanism facilitates accurate categorisation of complaints and root cause analysis, enabling the Bank to identify systemic issues and implement corrective actions to minimise recurrence and enhance customer satisfaction.	Negative

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)
Governance					
8	Governance, Risk, Business Ethics, Transparency & Reporting	Risk	Governance deficiencies or ethical misconduct can undermine the institution's long-term strategic objectives, weaken stakeholder confidence, and increase regulatory and compliance risks. Strong governance frameworks and ethical business practices are essential to maintaining trust, ensuring accountability, and supporting sustainable growth.	The Bank makes it imperative that there is continuous improvement in its governance framework and institutionalises integrity through robust systems and processes by observing regulatory guidelines and industry best practices. The Bank has a employee code of conduct, Anti – Bribery and Corruption policy, Policy for combating financial crime already in place. The committees that have been set up at the Board level by the Bank evaluate the grievances of both internal and external stakeholders.	Negative
		Opportunity	A Proactive approach to compliance strengthens governance, promotes ethical conduct, enhances transparency, and reinforces the Bank's ESG performance. Robust data privacy and protection measures also contribute to customer confidence as stakeholders increasingly favor institutions that demonstrate a strong business commitment to safeguarding personal information.	---	Positive
9	Risk & Crisis Management	Risk	Weak risk management practices may result in financial losses and capital erosion, potentially affecting the Bank's financial stability. Similarly, data breaches or cybersecurity incidents involving customer information can undermine stakeholder trust, attract regulatory scrutiny, and adversely impact the Bank's reputation.	The Three Lines of Defense Model has been adopted by the Bank 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. The 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. The Bank has ISO certifications for ISO 27001 and 22301 for Information security management and business continuity management respectively.	Negative

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

	Corporate Policy	P1	P2	P3	P4	P5	P6	P7	P8	P9	Principles Linked
1	Policy on combating financial crime	✓			✓					✓	3
2	Anti-Bribery and Corruption Policy	✓									1
3	Policy for Determination of Material Subsidiary	✓									1
4	Policy on related party transactions	✓									1
5	Code of Corporate Governance and Code of Conduct for the Board of Directors and Management	✓						✓			2
6	Tax compliance Policy	✓									1
7	Environmental and Social Management System (ESMS) Policy		✓			✓	✓				3
8	Supplier code of conduct		✓			✓	✓				3
9	ESG Policy		✓	✓		✓	✓	✓	✓		6
10	Diversity, equity and inclusion policy			✓							1
11	Protected Disclosure Scheme (PDS) / Whistle Blower Policy	✓		✓							2
12	Corporate Social Responsibility Policy				✓		✓		✓		3
13	Settlement of claims				✓						1
14	Customer Compensation Policy				✓					✓	2
15	Policy on lending to MSME				✓						1
16	Policy for resolution of loans of Individuals and Small Businesses				✓						1
17	Code of Bank's Commitment to Micro and Small Enterprises (MSE 2015)				✓						1
18	Policy on Doorstep Banking services for Senior Citizens and differently abled person					✓			✓		2
19	Policy on Customer Service					✓					1
20	Policy for Redressal of Customer Grievances									✓	1
21	Customer Rights Policy									✓	1
22	Policy on Customer Protection - Limiting Liability of Customers in Unauthorized Electronic Banking Transaction									✓	1
23	Code of Bank's Commitment to Customers					✓				✓	2

Disclosure Questions	P 1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a. Whether the Entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)					Yes				
b. Has the policy been approved by the Board? (Yes/No)					Yes				
c. Web Link of the policies, if available	All the policies are available on the 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. The Bank's ESG Policy contains provisions relating to engagement with relevant value chain partners and outlines the Bank's expectations on sustainable and ethical business practices.								
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 Entity 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.								

Disclosure Questions	P 1	P2	P3	P4	P5	P6	P7	P8	P9
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	Goals and Commitment: • The Bank has committed not to do fresh lending to certain sectors which has significant E&S risks as detailed in the ESMS policy • The Bank has committed to reducing its coal-related sub-project exposure to NIL by December 2030 • The Bank intends to grow its green portfolio to Rs. 13,000 Crore by December 2025* • 750 kWp of in-house solar power generation capacity by March 2028 • Reach 2 Lakh litre of water conservation capacity by March 2028 • Finance at least 20 Lakh women entrepreneurs through BC Channel by March 2030 • At least 10% of the 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.	Performance (as of March 31, 2026): • Fresh loans to exclusion list activities are restricted as per the ESMS policy. • Coal-related sub-project exposures stood at 0.35% of gross advances (March 2021 baseline is 3.49% of the gross advances). • The Bank's green loan balance outstanding stood at ₹10,489 Crore. • The total solar power generation capacity increased to 570 kWp. • The Bank's total rainwater harvesting storage capacity across its various offices increased to 1,39,000 litres. • 14.30 Lakh Women entrepreneurs financed through the BC channel. • 5.5% of the Bank's premises are green certified under the IGBC Green Interiors rating system. • The Bank's present gender diversity ratio is 42.01%.								

**The green loan target has been revised to ₹15,000 Crore by March 2030, reflecting an enhanced commitment to sustainable finance and the need for a calibrated growth trajectory that balances business expansion with prudent risk management.*

***The Bank's gender diversity commitment has been recalibrated to 37%, considering the current workforce composition, recruitment trends and expected talent pipeline, while continuing efforts to improve women representation across the organisation.*

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

As a socially responsible financial institution, we recognise that responsible business conduct and sustainable value creation are fundamental to long-term resilience and maintaining the trust reposed in us by our stakeholders. Environmental, Social and Governance (ESG) considerations are deeply embedded in our strategy, risk management framework, and operational processes, enabling us to align our growth trajectory with evolving regulatory expectations and broader societal priorities, and supporting the country's objectives of sustainable development and climate resilience.

The Bank has adopted a structured ESG framework anchored on robust governance, responsible lending, and a stakeholder-centric approach. Oversight of ESG functions is exercised at the Board level through the Risk Management Committee, with support from management-level committees to ensure proper implementation, in alignment with regulatory expectations and emerging risks.

We have implemented an Environmental and Social Management System (ESMS) policy, aligned with globally accepted standards such as the IFC Performance Standards, to integrate Environmental and Social (E&S) risk assessment into our credit appraisal processes, particularly for wholesale lending segments. The Bank has also established an exclusion list based on E&S criteria, applicable across all business segments. Collectively, these measures enable the systematic identification, evaluation, and management of E&S risks across our lending portfolio.

The Bank has also strengthened its ESG related disclosures in accordance with the SEBI-mandated BRSR framework, with reasonable assurance obtained on BRSR Core parameters and limited assurance on other disclosures, enhancing the credibility and transparency of reporting. In addition, in line with evolving regulatory guidance on climate risk, the Bank has become a signatory to the Partnership for Carbon Accounting Financials (PCAF) to align with globally accepted approaches for measuring and managing financed emissions.

The Bank continues to make progress across its ESG priorities, with detailed disclosures on key initiatives, achievements and ESG public commitments provided in the ESG section of this Report. During the year, the Bank has also reviewed certain ESG-related public commitments, with select targets being revised or realigned in line with evolving business strategy and operating context, the details of which are provided in the ESG section (Page 22) of this Report.

While the Bank has made significant progress, it recognises that ESG implementation continues to evolve, accompanied by structural and operational challenges. These include limitations in the availability of standardised and reliable ESG data across portfolios and value chains, as well as an increasingly dynamic regulatory and disclosure environment.

Disclosure Questions	P 1	P2	P3	P4	P5	P6	P7	P8	P9
Further complexity arises in integrating climate-related considerations into risk management and business strategy, particularly given the evolving nature of methodologies and the data dependencies involved. In this context, the assessment of portfolio-level emissions and climate risks remains an area under active development. To address these challenges, the Bank is actively strengthening its internal capabilities while enhancing supporting systems and frameworks in a structured and phased manner. The Bank remains committed to supporting the transition towards a more sustainable and resilient economy, while pursuing a structured and phased approach to disclosures and implementation in line with evolving regulatory expectations.									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).	Committee of the Board For more detailes refer to Page 152 of the Integrated Annual Report.								
9. Does the entity 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 including climate risk. 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 including climate risk and reports to RMC of the Board Quarterly. Refer to Page 424 of the Annual Report for detailed composition and roles of the Risk Management Committee								

10. Details of review of NGRBCs by the Company:

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)	Not Applicable								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
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 Indicators:

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	5	All 9 Principle	100.00%
Key Managerial Personnel	7	All 9 Principle	100.00%
Employees other than Board of Directors and KMPs	281	All 9 Principle	92.00%

Note: Details of familiarisation programmes provided for Independent Directors of the Bank during FY 2025-26 can be accessed from the bank's website: https://www.federal.bank.in/familiarisation-programmes-imparted-to-independent-directors.

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	5,60,000	Cash-out incidents were caused by operational, logistical, and technical issues, including delayed cash replenishment, unexpected customer withdrawals, cash shortages during holidays, CRA support challenges, and ATM component failures affecting cash availability.	No
	P1	RBI	1,01,741	Penalties were related to currency chest operations including counterfeit currency detection, remittance deficiencies, inspection observations, and delayed e-Kuber reporting.	No
	P1	RBI	35,000	The instances were related to customer service and regulatory compliance lapses observed at branches including coin availability, mutilated note exchange, and observations from RBI incognito visits.	No
	P1	NPCI	18,60,171	Liability shift intimation issued by NPCI due to financial losses to customers caused by fraudulent activities through App id - com.epifi.paisa (payment app).	No
	P1	RBI	23,85,656	Recovery relates to excess maintainable complaints received by ORBIOs above prescribed thresholds and the associated cost of complaint redressal.	No
	P1	NSE	600	The penalty was imposed for the usage of multiple CTCL IDs.	Yes

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	Commercial Tax office, New Delhi	23,36,830*	An order u/s 73 of CGST Act, 2017 from the Sales Tax Officer Class II, Karol Bagh, New Delhi dated 27.12.2025 levying a penalty of Rs. 23,36,830/-. The Bank has filed a writ petition before the HC of Delhi against the said Order. The Bank has not paid any penalty.	Yes
Settlement	-	-	-	-	-
Compounding fee	-	-	-	-	-

**Not Paid*

Non-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
Section 73 of Central Goods and Services Tax Act, 2017 (CGST Act, 2017) from the Office of Sales Tax Officer New Delhi levying a penalty of Rs. 23,36,830/: A writ petition dated 19.03.2026 was filed by the Bank before the HC of Delhi.	Commercial Tax office, New Delhi

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy

Bank has implemented a comprehensive Anti-Bribery and Anti-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 2025-26	FY 2024-25
Directors	Nil	Nil
KMPs		
Employees	39	18

Note: The FY 2024–25 comparative figure has been restated following a reassessment of the criteria for reporting for this parameter. The restatement has been undertaken to ensure consistency and comparability across reporting periods. Accordingly, the FY25 figure has been revised to 18 employees involved in 18 fraud cases. For FY26, the reported figure is 39 employees, comprising 37 employees involved in 19 fraud cases and 2 employees against whom police notices were issued, but no fraudulent elements were identified in the internal investigation.

6. Details of complaints with regard to conflict of interest

	FY 2025-26		FY 2024-25	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil		Nil	
Number of complaints received in relation to issues of Conflict of Interest of the KMPs				

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 conflicts of interest.

In instances where cases involving corruption or conflict of interest were identified, the Bank initiated appropriate corrective measures, including detailed root cause analysis and implementation of appropriate process controls and refinements, disciplinary proceedings against the employees concerned, recovery of losses wherever applicable and enhanced monitoring of vulnerable processes and activities. Lessons learned from such cases were disseminated across the organization to prevent recurrence and to reinforce ethical conduct, accountability and compliance standards.

Further, in cases classified as fraud, the Bank, in accordance with its Fraud Risk Management (FRM) Policy, initiates the filing of complaints with the appropriate Law Enforcement Agencies (LEAs) against the perpetrators.

8. Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format (🛡):

	FY 2025-26	FY 2024-25
Number of days of accounts payables	13.47	12.19*

**Following a change in the methodology for calculating the Number of Days of Accounts Payable during FY 2025–26, prior-year figures have been restated for comparability.*

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 2025-26	FY 2024-25
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. Purchasing from the 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)	1.02%	0.97%
	b. Sales (Sales to related parties as % of Total Sales)	1.28%	1.10%
	c. Loans & advances given to related parties as % of Total loans & advances	0.59%	0.66%
	d. Investments in related parties as % of Total Investments made	1.29%	1.35%

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*	-

**All employees of the vendors who are stationed at the Bank's premises and have access to Bank's system or network are provided with the training on aspects such as information security, safe internet practices, password management etc.*

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 Bank has processes and controls in place to avoid and manage conflicts of interest involving members of the Board. These arrangements are embedded within its Code of Corporate Governance and provides a structured framework to identify, prevent, disclose, and manage conflicts of interest. The framework includes mandatory disclosures by directors, restrictions on participation in decisions where conflicts exist, prior approval requirements, and oversight by the Audit Committee particularly in relation to related party transactions . Additionally, continuous governance monitoring mechanisms have also been put in place to ensure compliance with applicable regulatory and ethical standards.

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. The 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 2025-26, 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 Code as applicable to them for FY 2026.

Principle 2:

Business should provide goods and services in a manner that is sustainable and safe

Essential Indicators:

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 2025-26	FY 2024-25	Details of improvements in environmental and social impacts
R & D	NA	NA	NA
Capex	4.86%	2.29%	• During the reporting period, Bank invested in several initiatives aimed at enhancing Environmental sustainability. These included rooftop solar installations, rainwater harvesting systems, Sewage Treatment Plant (STPs), 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. • Potential impacts of the above initiatives include avoidance of greenhouse gas (GHG) emissions, improved energy efficiency and reduced carbon footprint, groundwater recharge through rainwater harvesting, water recycling and conservation through STPs, and enhanced environmental sustainability through the adoption of green building practices.

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes. The Bank has established a Supplier Code of Conduct, which requires that all suppliers comply with applicable laws and regulations relating to human rights, labour standards, health and safety, environmental sustainability, and ethical business practices. Sustainable sourcing practices are integrated into procurement processes wherever feasible, with preference given to products and services that support environmental efficiency and responsible resource use. The Bank considers energy efficiency standards while procuring electronic equipment such as air conditioners, LED lighting, and other energy-efficient appliances.

For further details on the Bank's sustainable operations and environmental initiatives, please refer to Principle 6, Question 8 under the Essential Indicators section.

b. If yes, what percentage of inputs were sourced sustainably?

At present, the Bank does not maintain a consolidated database of suppliers certified under recognized environmental or sustainability standards. Consequently, the percentage of inputs sourced sustainably cannot be quantified at this stage. As part of its ongoing ESG journey, the Bank is strengthening its supplier management and sustainability data collection processes and intends to progressively track and monitor sustainable sourcing practices across its vendor ecosystem.

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 services institution, our products and operations are designed to minimize the generation of plastic, e-waste, and other categories of waste. The principal source of plastic waste from our offices arises from the use of plastic pouches for the secure storage of gold ornaments pledged with the Bank. In addition, both plastic and paper waste generated across branches and offices are systematically collected and disposed of through structured arrangements with the respective local Corporations, Municipalities, and Panchayats, thereby ensuring adherence to environmentally sound waste management practices. The Bank has instituted a centralized and robust e-waste management framework that enables effective identification, tracking, and management of e-waste generated across its network. All identified e-waste is responsibly transferred to authorized e-waste management agencies in strict 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 the 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 2025-26	FY 2024-25
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 operations.		

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 2025-26			FY 2024-25		
	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

Essential Indicators:

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	9,913	9,913	100.00%	9,913	100.00%	-	-	9,913	100.00%	1,573	15.87%
Female	7,028	7,028	100.00%	7,028	100.00%	7,028	100.00%	-	-	1,065	15.15%
Total	**16,941**	**16,941**	**100.00%**	**16,941**	**100.00%**	**7,028**	**41.49%**	**9,913**	**58.51%**	**2,638**	**15.57%**
Other than Permanent employees											
Male	340	340	100.00%	340	100.00%	-	-	0	0.00%	125	36.76%
Female	400	400	100.00%	400	100.00%	400	100.00%	-	-	184	46.00%
Total	740	740	100.00%	740	100.00%	400	54.05%	0	0.00%	309	41.76%

B. Spending on measures towards well-being of employees (including permanent and other than permanent) in the following format (₹) –

	FY 2025-26	FY 2024-25
Cost incurred on wellbeing measures as a % of total revenue of the company	0.43%	0.39%

2. Details of retirement benefits, for Current and Previous Financial Year.

Benefits	FY 2025-26: No. of employees covered as a % of total employees	FY 2025-26: Deducted and deposited with the authority (Y/N/N.A.)*	FY 2024-25: No. of employees covered as a % of total employees	FY 2024-25: Deducted and deposited with the authority (Y/N/N.A.)*
PF/Pension/NPS	95.82%	Y	96.48%	Y
Gratuity	95.82%	Y	96.48%	Y
ESI	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Others- Leave Encashment	95.82%	Not Applicable	96.48%	Not Applicable

**Bank has a separate Provident Fund Trust and Gratuity Trust.*

3. Accessibility of workplaces

Are the premises/offices of the entity accessible to differently abled employees, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the Company in this regard.

The Bank's branches and offices are designed to incorporate accessibility features that facilitate ease of movement and access for differently-abled employees. Such employees are assigned to branches/offices equipped with the necessary facilities to meet their specific requirements.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

The Bank is committed to fostering diversity, equity, and inclusion as a culture that enables all employees to bring their authentic selves to work and to fully participate with their knowledge, experience, and viewpoint to provide incomparable value for all stakeholders. The Bank also recognises that each employee has varying access to resources and privileges and is working towards taking steps to ensure that every employee is provided with the unique resources they need to have access to opportunities at a given organisation. The diversity, equity, and inclusion policy (the 'DE&I policy') aims to set out Federal Bank's commitment to providing a workplace free from discrimination for employees and also sets out Bank's expectations, where each employee is responsible for adhering to and upholding the policy. The policy can be accessed 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	Permanent Employees: Retention Rate
Male	100.00%	98.41%
Female	99.55%	96.68%
Total	**99.81%**	**97.74%**

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 Other than permanent employees	Employees can raise their workplace grievances to Employee Grievance Redressal Forum that comprises of the two Senior executives of Bank and one external expert.

7. Membership of employees in association(s) or Unions recognised by the listed entity:

Category	FY 2025-26: Total employees in respective category (A)	FY 2025-26: No. of employees in respective category, who are part of association(s) or Union (B)	FY 2025-26: %(B/A)	FY 2024-25: Total employees in respective category (C)	FY 2024-25: No. of employees in respective category, who are part of association(s) or Union (D)	FY 2024-25: %(D/C)
Total Permanent Employees	16,941	10,816	63.85%	15,545	10,413	66.99%
- Male	9,913	5,934	59.86%	8,969	5,791	64.57%
- Female	7,028	4,882	69.46%	6,576	4,622	70.28%

8. Details of training given to employees:

Category	FY 2025-26: Total (A)	On health and safety measures: No. (B)	On health and safety measures: % (B/A)	On skill upgradation: No. (C)	On skill upgradation: % (C/A)	FY 2024-25: Total (D)	On health and safety measures: No. (E)	On health and safety measures: % (E/D)	On skill upgradation: No. (F)	On skill upgradation: % (F/D)
Employees										
Male	10,253	9,435	92.00%	9,448	92.10%	9,248	9,050	97.86%	9,076	98.14%
Female	7,428	6,769	91.10%	6,780	91.30%	6,863	6,304	91.85%	6,324	92.15%
Total	**17,681**	**16,204**	**91.60%**	**16,228**	**91.80%**	**16,111**	**15,354**	**95.30%**	**15,400**	**95.59%**

9. Details of performance and career development reviews of employees:

Category	FY 2025-26			FY 2024-25		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
			Employees			
Male	10,253	9,777	95.36%	9,248	8,972	97.02%
Female	7,428	7,154	96.31%	6,863	6,613	96.36%
Total	**17,681**	**16,931**	**95.76%**	**16,111**	**15,585**	**96.74%**

Note - The Company conducts individual-level performance appraisals for employees. The appraisal is carried out through Management by Objectives (MBO), where employee performance is assessed against pre-defined goals, Key Result Areas (KRAs), job responsibilities, and expected outcomes. The appraisal focuses on individual contribution, achievement of objectives, quality of work and alignment with organizational goals. The frequency of performance appraisal is on an annual basis.

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?**

The Bank has a comprehensive Occupational Health and Safety (OHS) Framework, duly approved by the competent authority and disclosed on the official website of the Bank. This framework is an integral part of the Bank's Environmental, Social, and Governance (ESG) strategy and reflects the commitment to ensuring a safe and healthy workplace.

The emphasis is placed on preventive and awareness-driven measures, considering the relatively low occupational risk profile of the Bank's operations. The organizational culture has embedded health and safety practices, through structured training programmes, mock drills, and regular internal communications to ensure employee preparedness in emergency situations.

The Bank has also implemented an ISO 22301-certified Business Continuity Management System, supported by defined Standard Operating Procedures to safeguard employee well-being and ensure operational resilience.

The Bank has undertaken some key initiatives which include:

a. Establishment of Emergency Response Teams across all operational locations.

b. Installation of access control systems and physical security arrangements based on comprehensive risk assessments.

c. Regular training sessions on fire prevention, firefighting methods, and evacuation protocols.

d. Conduct of medical emergency management training in partnership with reputed healthcare institutions.

e. Continuous dissemination of communications aimed at strengthening employee awareness of health and safety practices.

f. Issuance of precautionary advisories during adverse weather conditions, including guidelines for personal safety and asset protection.

g. Periodic execution of fire safety and evacuation drills.

The OHS Framework applies broadly to all individuals associated with the Bank, including permanent employees, contract staff, as well as personnel engaged through vendors and partner organizations.

The OHS Framework can be accessed through the following: OHS Framework.

b. **What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

The nature of the Bank's operations inherently limits the work-related hazards, yet, the Bank has put in place comprehensive processes to identify and mitigate risks. The following processes have been adopted by the Bank:

a. Annual risk assessments of all major administrative offices and bi-annual assessments of the Bank's retail branches.

b. Nomination of an Emergency Response Team at each location who are trained to identify, respond and report any work-related hazards.

c. Remote electronic surveillance by a 24x7 Remote Monitoring Station using custom-built AI enabled monitoring software.

d. Provision of a separate Health and Safety web-based application which can be used by all employees to report any work-hazard or incidents. By empowering the employees and encouraging active reporting, the Bank has strengthened the reporting mechanism for work-related hazards.

e. Electrical audits of the Bank's facilities to proactively identify and mitigate associated risks.

f. Fire alarm system consisting of smoke and heat detectors and alert mechanism.

g. Deployment of security guards as per risk assessment.

c. **Whether you have processes for workers to report work related hazards and to remove themselves from such risks. (Y/N)**

Not Applicable

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.

d. **Do the employees of the entity have access to non-occupational medical and healthcare services? (Yes/ No)**

Yes. The 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 policy is made available on the Bank's internal portal for ready reference.

11. Details of safety related incidents, in the following format ():

Safety Incident /Number	Category	FY 2025-26	FY 2024-25
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0.026	0.057
Total recordable work-related injuries	Employees	1	2
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 continues to strengthen its policies and processes to ensure a safe, secure, and healthy workplace . It has implemented a Business Continuity Management System which is aligned with the ISO 22301 framework, to enhance operational resilience and safety preparedness. Some of the measures undertaken are regular employee communications and awareness initiatives, periodic mock drills across major locations, and the establishment of Crisis Management Teams at Head Office and Zonal Offices for effective emergency response. The Crisis Management Teams are empowered at central and zonal levels, to enable localized decision-making aligned with applicable guidelines to ensure timely and effective response.

The Bank also emphasizes employee health and well-being, through preventive wellness programmes, awareness campaigns, and partnerships with healthcare institutions. The reimbursement for annual health check-ups for employees above 40 years and their spouses, along with access to mental health support through the SMILES Employee Counselling Programme and doctor e-consultation services for employees and their families are also provided.

13. Number of Complaints on the following made by employees:

	FY 2025-26			FY 2024-25		
	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		
Health & Safety						

14. Assessments for the year:

	% of plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	The Bank undertakes periodic electrical inspections across all its premises through qualified and independent third-party agencies on a biennial basis. During the past 2 years, such inspections have been successfully conducted at 989 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. The Bank has strengthened its processes to ensure a safe working atmosphere for all its employees.

Leadership Indicators:

1. **Does the entity extend any life insurance or any compensatory package in the event of death of (A) 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 have been deducted and deposited by the value chain partners.**

   The Bank promotes compliance with applicable statutory and regulatory requirements across its value chain through its Supplier Code of Conduct and vendor onboarding processes. Vendors are expected to comply with all applicable laws, including taxation, labour, and social security regulations. As part of its vendor management framework, the Bank incorporates compliance expectations into contractual arrangements and periodically engages with vendors to reinforce adherence to statutory and regulatory obligations. The Bank also undertakes appropriate due diligence and monitoring measures, where applicable, as part of its vendor governance processes to encourage compliance with statutory requirements.

3. **Provide the number of employees having suffered high consequence 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:**

Indicate input material	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 2025-26	FY 2024-25	FY 2025-26	FY 2024-25
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. The 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	Vendor onboarding is a requirement for 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.
Working Conditions	

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 the Bank’s value chain partners.

Principle 4:

Business should respect the interests of and be responsive to all its stakeholders

Essential Indicators:

1. **Describe the processes for identifying key stakeholder groups of the entity.**

   The Bank identifies and prioritises its key stakeholder groups through a structured and governance driven approach, which is embedded in its Code of Corporate Governance. The Code recognises that the Board, while discharging its fiduciary responsibilities, must consider the interests of multiple stakeholders beyond shareholders, the Board is also required to consider the interests of key stakeholder groups such as investors, customers, vendors, employees, the ecosystem and society, as well as government and regulatory authorities while ensuring that the Bank’s policies, operations, and disclosures are aligned with applicable legal and regulatory requirements;

   Accordingly, the Bank has identified the following six key stakeholder groups based on the nature of its business, regulatory environment, and stakeholder impact:

   a. Shareholders and Investors
   b. Customers
   c. Vendors and Service Providers
   d. Employees
   e. Ecosystem and Society
   f. Government and Regulatory Bodies

   The identification of these stakeholder groups are guided by:

   - The Board’s obligation to balance competing stakeholder interests and
   - Adherence to corporate governance frameworks established by the RBI, SEBI, and the Companies Act.

   Moreover, the Bank’s governance framework has ensured a continuous engagement and oversight, with the Board and senior management, which is responsible for maintaining transparent, timely and meaningful communication with stakeholders, and addressing their concerns in a responsible manner.

2. **List stakeholder groups identified as key for the entity 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 email 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

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
Customers	Yes	• Customer visits & meets • Social media/ digital communications • Customer surveys • Customer care channels • Website publishing • Notice Board at Branches • Newspapers/Pamphlets	Frequent and need based	Business-related discussions are conducted to raise awareness about products and services, promote safe banking practices, collect feedback 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 • Website (Publishing Reports & Social Impact Assessments) • Newspapers and social media • Emails	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 meetings are 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 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.

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 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. The Bank undertakes periodic materiality assessments and stakeholder engagement exercises to identify and prioritize environmental, social, and governance (ESG) topics that are material to its business and stakeholders. The assessment process incorporates inputs from a diverse set of stakeholders, including customers, employees, investors, regulators, communities, suppliers, and industry bodies.

The insights obtained through these engagements help the Bank understand stakeholder expectations, emerging risks, and sustainability-related opportunities. The outcomes of the materiality assessment are integrated into the Bank's policies and processes, where material, to ensure that its business practices align with their expectations and concerns.

For more information on Materiality Assessment, you may refer the section - Materiality Assessment - Page 40-43 in the 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. The efforts are delivered through the branch network, Financial Literacy Centres (FLCs) and Business Correspondent (BC) channels, ensuring last-mile connectivity and outreach to remote and underserved regions. Strengthening its impact, the Bank has established partnerships with thirty eight Corporate Business Correspondents as

well as co-lending partners across selected geographies. These partnerships are specifically designed to source and service small-value loans for women customers through individual, Self-Help Groups (SHGs) and Joint Liability Groups (JLGs) models. This model enhances access to credit and also increases community-based financial resilience.

As of March 2026, the Bank has successfully financed approximately 14.30 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

Essential Indicators:

1. Employees who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2025-26			FY 2024-25		
	Total (A)	No. of employees covered (B)	% (B/A)	Total (C)	No. of employees covered (D)	% (D/C)
			Employees			
Permanent	16,941	10,112	59.69%	15,545	8,811	56.68%
Other than Permanent	740	637	86.08%	566	-	-
Total Employees	**17,681**	**10,749**	**60.79%**	**16,111**	**8,811**	**54.69%**

2. Details of minimum wages paid to employees in the following format:

Category	FY 2025-26					FY 2024-25				
	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										
Male	9,913	0	0.00%	9,913	100.00%	8,969	0	0.00%	8,969	100.00%
Female	7,028	0	0.00%	7,028	100.00%	6,576	0	0.00%	6,576	100.00%
Other than Permanent										
Male	340	0	0.00%	340	100.00%	279	0	0.00%	279	100.00%
Female	400	0	0.00%	400	100.00%	287	0	0.00%	287	100.00%

3. Details of remuneration/salary/wages, in the following format:

a. The details are provided below:

	Male		Female	
	Number	Median remuneration / salary / wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	3	2,22,66,006.26	0	0
Key Managerial Personnel	1	99,30,337.00	0	0
Employees other than BoD and KMP	10,249	16,30,128.60	7,428	15,09,779.97

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 2025-26	FY 2024-25
Gross wages paid to females as % of total wages	37.44%	38.75%

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. The 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 of various statutory requirements such as payment of minimum wages and the Sexual Harassment at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Bank has got 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 work places directly to this Forum. An external expert is also nominated as a member in 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. Internal Committee (IC) has been set up at all the ten zones and Head Office to redress complaints received regarding sexual harassment. The 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 2025-26			FY 2024-25		
	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	3	0	Resolved	2	0	Resolved
Discrimination at workplace	0	0	NA	Nil	Nil	Nil
Child Labour	Nil					
Forced Labour/ Involuntary Labour						
Wages						
Other Human rights related issues						

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format (🛡):

	FY 2025-26	FY 2024-25
i) Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	3	2
ii) Complaints on POSH as a % of female employees	0.04%	0.03%
iii) Complaints on POSH upheld	2	0

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. The Bank's Service Level Agreement/Master Service Agreement executed with vendors incorporates comprehensive covenants addressing human rights, labour standards, prohibition of forced and child labour, non-discrimination, and protection against harassment, including sexual harassment, among other critical provisions.

10. Assessment for the year:

	% of the entity's plants and offices that were assessed (by the entity or statutory authorities or third parties)
Child Labour	Nil
Forced Labour/Involuntary Labour	
Sexual Harassment	
Discrimination at workplace	
Wages	
Other- please specify	

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.

The Bank is committed to the principle of equal opportunity for all employees and to providing employees with a work environment free of discrimination and harassment. The Bank will not tolerate 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.

The Bank has a Code of Ethics and Business Conduct, which provides the guidelines on standards of business conduct. The primary focus of the Code of Ethics and Business Conduct is achieving business success in ways that demonstrate respect for people and the planet and to uphold the values and high standards of ethics. The Bank sensitises its employees on the Code of Conduct through various training programmes as well

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?

Considering the feasibility, all newly constructed branches and offices are designed to be accessible to differently abled visitors, with provisions such as ramps/elevators to facilitate ease of movement. In addition, tactile paving is incorporated across new premises to support visually impaired individuals. ATMs, CDMs, and recycler machines have also been equipped with Braille signages. In an attempt to further strengthen accessibility and inclusion, the Bank also offers doorstep banking services for elderly and differently abled customers.

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	The Bank articulates its expectations from vendors through a formal Supplier Code of Conduct, which is duly considered during the onboarding process. Vendors are evaluated against a range of ESG parameters, including human rights, labor 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.

Not Applicable

Principle 6:

Business should respect and promote human rights

Essential Indicators:

1. Details of total energy consumption (in Giga Joule) and energy intensity, in the following format (🛡):

Parameter	FY 2025-26	FY 2024-25
From renewable sources		
Total electricity consumption (A)	2,216.93	2,003.94
Total fuel consumption (B)	0.00	0.00
Energy consumption through other sources (C)	0.00	0.00
Total energy consumed from renewable sources (A+B+C)	**2,216.93**	**2,003.94**
From non-renewable sources		
Total electricity consumption (D)	1,51,652.00	1,46,679.55
Total fuel consumption (E)	14,207.67	11,806.49
Energy consumption through other sources (F)	0.00	0.00
Total energy consumed from non- renewable sources (D+E+F)	**1,65,859.67**	**1,58,486.04**
Total energy consumed (A+B+C+D+E+F)	**1,68,076.60**	**1,60,489.98**
Energy intensity per rupee of turnover (Total energy consumed / Revenue from operations) (GJ/₹ In Crore)	5.23	5.32
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)	106.38	109.91
Energy intensity (In GJ) per full time employee	9.51	9.96
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.	

**PPP considered for the calculation is 20.34 INR/USD as per the data available in International Monetary fund.*

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 2025-26	FY 2024-25
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	1,58,704.66	1,97,198.64
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	**1,58,704.66**	**1,97,198.64**
Total volume of water consumption (in kilolitres)	**31,740.93***	**39,439.73**
Water intensity per rupee of turnover (Total water consumption / Revenue from operations) (KL/₹ In Crore)	0.99	1.31
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Revenue from operations adjusted for PPP) (KL/USD in Crore)	20.09	27.01
Water intensity (IN KL) per full time employee	1.80	2.45
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.	

**Water consumption for employees has been estimated based on actual data recorded for 12% of the workforce and extrapolated proportionately to represent the total employee population.*

4. Provide the following details related to water discharged (🛡):

Parameter	FY 2025-26	FY 2024-25
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	0.00	0.00
- No treatment	0.00	0.00
- With treatment – please specify level of treatment	0.00	0.00
(ii) To Groundwater	0.00	0.00
- No treatment	0.00	0.00
- With treatment – please specify level of treatment	0.00	0.00
(iii) To Seawater	0.00	0.00
- No treatment	0.00	0.00
- With treatment – please specify level of treatment	0.00	0.00
(iv) Sent to third-parties	0.00	0.00
- No treatment	0.00	0.00
- With treatment – please specify level of treatment	0.00	0.00
(v) Others	1,26,963.72	1,57,758.91
- No treatment	1,22,499.31	1,50,600.96
- With treatment – please specify level of treatment	4,464.42	7,157.95
Total water discharged (in kiloliters)	**1,26,963.72**	**1,57,758.91**
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 entity 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 entity, in the following format:

Parameter	Unit	FY 2025-26	FY 2024-25
NO_x	Considering the nature of the Bank's operations as a financial services institution, emissions of NO_x, SO_x, particulate matter, VOCs, POPs and HAPs are not material to the Bank's operations and are therefore not monitored or reported separately		
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	FY 2025-26	FY 2024-25
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 (MT) of CO_2 Equivalent	1,903.84	2,111.39
Total Scope 2 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	MT of CO_2 Equivalent	29,904.02	29,616.56
Total Scope 1 and Scope 2 emission intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)	MT of CO_2 Equivalent per crore rupee of turnover	0.99	1.05
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)	MT of CO_2 Equivalent per USD crore of turnover adjusted PPP	20.13	21.73
Total Scope 1 and Scope 2 emission intensity in terms of full time employee	Metric tonnes of CO_2 equivalent per full time employee	1.80	1.96
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.		

8. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.

Sl. No	Initiative undertaken	Details of the initiative	Outcome of the initiative
1.	Installation of rooftop solar panels	The Bank has built an in-house solar generation capacity of 570 kWp	Solar power generated during the year 6.16 Lakh kWh
2	Installation of IoT based energy savings device for AC units	Bank has deployed Iot based energy savings devices for AC units in 350 ATM sites.	Energy savings due to installation of the device is 1.66 Lakh kWh during the year, which helped to mitigate 150.7 tonnes CO_2e
3	Green Interiors Certification	Bank has obtained IGBC Green Interiors rating certification for 5.5% of total occupied premises	The IGBC -certified premises are resource -efficient, ensuring optimum utilisation of resources
4.	Energy Conservation	Switching to energy -efficient ACs in offices with eco-friendly refrigerants	60% of offices have energy -efficient Inverter ACs
6.	Water Conservation	Bank has built in rainwater harvesting conservation capacity of 1.39 Lakh litres	Water saved per year is approximately 2.75 Lakh litres

Sl. No	Initiative undertaken	Details of the initiative	Outcome of the initiative
7.	GHG Emission Reduction through Digitalization	Bank has undertaken several strategic initiatives to reduce 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 the need for paper-based AoF and KYC documents. **Promotion of Digital Transactions:** Reduced energy consumption by minimising 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 minimised physical processes. 283.81 MT of paper saved during FY26
8.	Trees plantation	To reduce the Greenhouse Gas effect, the Bank is focusing on tree planting and conservation through various CSR initiatives	During the year, the Bank planted 60,468 trees

9. Provide details related to waste management by the entity, in the following format (🛡):

Parameter	FY 2025-26	FY 2024-25
Total Waste generated (in metric tonnes)		
Plastic waste **(A)**	24.58	27.45
E-waste **(B)**	18.71	8.28
Bio-medical waste **(C)**	NA	NA
Construction and demolition waste **(D)**	NA	NA
Battery waste **(E)**	141.21	118.15
Radioactive waste **(F)**	NA	NA
Other Hazardous waste. Please specify, if any. **(G)**	NA	NA
Other Non-hazardous waste generated **(H)**. Please specify, if any.		
Food waste*	5.75	0.00
Paper waste (A4 sheet & ATM rolls)	244.21	216.52
Total (A+B + C + D + E + F + G + H)	**434.46**	**370.40**
Parameter		
Waste intensity per rupee of turnover (Total waste generated / Revenue from operations)	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)	0.27	0.25
Waste intensity in terms of physical output	NA	NA
Waste intensity (optional) – in terms of per full time employee	0.02	0.02
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	146.15	126.43
(ii) Re-used	6.62	0.00
(iii) Other recovery operations	7.15**	0.00
Total	**159.92**	**126.43**
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	0.00	0.00
(ii) Landfilling	0.00	0.00
(iii) Other disposal operations	274.54	243.97
Total	**274.54**	**243.97**
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.	

**Food waste is considered for Head Office Aluva.*

***Reported under "Other Recovery Operations" based on records evidencing transfer of the e-waste to a Bank-approved authorised e-waste recycler.*

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

As the Bank is a service-oriented institution which provides banking products and services, it does not generate hazardous or chemical waste in the course of its regular operations. Furthermore, the Bank has implemented measures for encouraging responsible waste management across all offices to ensure segregation of dry and wet waste at the source. This segregated waste is handed over to authorised waste collection agencies in compliance with local regulations and arrangements. The Bank has a centralised arrangement for the collection and disposal of e-waste from its Branches and offices.

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.
Not Applicable			

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
Not Applicable					

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.	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 – Not Applicable

(ii) Nature of operations – Not Applicable

(iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2025-26	FY 2024-25
Water withdrawal by source (in kilolitres)		
(i) Surface water	Not Applicable	
(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 intensity (optional)–the relevant metric may be selected by the entity		
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water	Not Applicable	
- 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.		

2. Please provide details of total Scope 3 emissions and its intensity, in the following format:

Parameter	Unit	FY 2025-26	FY 2024-25
Purchased Goods & Services	MT of CO_2 equivalent	27,633.43	28,415.28
Capital Goods		3,606.49	16,125.83
Fuel & Energy-related activities		6,642.07	7,945.78
Waste generated in operations		289.38	253.28
Business Travel		5,233.08	4767.09
Employee Commuting		15,511.20	13,687.94
Upstream Leased Asset		24,083.33	16,341.40
Downstream Leased Asset		7,910.24	6,001.29
Total Scope 3 emissions		90,909.22	93,537.89
Total Scope 3 emissions per rupee of turnover	MT of CO_2 equivalent per Crore rupee of turnover	2.83	3.10
Total Scope 3 emission intensity (optional) – in terms of full term employee	MT of CO_2 equivalent per full time employee	5.14	5.80
Note: Indicate if any independent assessment, evaluation, or 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 11 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.

Not Applicable

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.

The Board of Directors of the Federal Bank has approved a Business Continuity Management (BCM) Policy that establishes a structured framework for ensuring the Bank's capability to effectively respond to and manage incidents that may disrupt normal operations. This policy is reviewed annually to incorporate changes in the technology landscape, evolving business operations, regulatory requirements, and industry best practices.

An apex-level Operational Risk Management Committee, chaired by the Executive Director, monitors the business continuity preparedness of the Bank on an on-going basis and convenes at least on a quarterly basis to review resilience posture, key risks, and preparedness levels. The Bank's critical systems like Core Banking, channels etc., also undergo periodical disaster recovery drills/ tests to ensure the capability of the same to handle disastrous situations.

Furthermore, the Business Continuity Management Committee (BCMC) as a subcommittee of ORMC is constituted to oversee the effectiveness of the BCMS implemented in the Bank.

The constitution of the Central Crisis Management Team (CCMT) has been done to take immediate control and coordinate response actions in the event of system failures, natural disasters, accidents, or any other incidents impacting business continuity. The contact details of CCMT members are disseminated across all business units to facilitate prompt escalation and support during emergencies.

The Bank has implemented a comprehensive Business Continuity Management System (BCMS), which is certified under ISO 22301:2019 for critical areas including IT, centralised operations, and centralised clearing functions.

Moreover, Business Continuity Management Committees are established at the unit level at each Branch/Office, where the primary team is made responsible for ensuring preparedness and effective response within their respective locations. Documented Business Continuity Plans (BCP) and Disaster Recovery (DR) procedures outlining roles, responsibilities, and response actions at various stages of an incident are in place and are reviewed at least annually.

A Business Impact Analysis (BIA) is performed annually to identify and prioritize critical business processes and applications according to their impact on operations. Based on the findings of the BIA, suitable business continuity strategies, including disaster recovery plans, are developed and implemented. These plans are reviewed periodically, at least once a year, to ensure their ongoing suitability and effectiveness.

To validate the effectiveness and resilience of the BCMS, regular testing exercises are conducted, including Disaster Recovery (DR) drills, component-level testing, and tabletop exercises. These tests evaluate the adequacy of continuity plans and the preparedness of relevant stakeholders, with lessons learned being incorporated to strengthen and continuously enhance the BCM framework.

All the plans and procedures are aligned with the guidelines prescribed by the Reserve Bank of India (RBI) in this regard and are reviewed regularly to maintain compliance and operational effectiveness.

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.

Essential Indicators:

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 entity 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	Confederation of Indian Industry (CII)	National
3	Indian Banks Association (IBA)	National
4	APLMA – Asia Pacific Loan Market Association	International
5	Indian Chamber of Commerce & Industry	National
6	Madras Chamber of Commerce & Industry	State
7	Cochin Chamber of Commerce	State
8	Fixed Income Money Market and Derivatives Association of India (FIMMDA)	National
9	Foreign Exchange Dealers Association of India (FEDAI)	National
10	Forex Association of India (FAI)	National

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, 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 entity:

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.

Essential Indicators:

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity 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
Sanjeevani -United against Cancer -2023-24	Not Applicable	Not Applicable	Yes	Yes	https://www.federal.bank.in/documents/d/guest/final-report-sanjeevani-united-against-cancer_impact-assessment-3-
Federal Bank Hormis Memorial Foundation Scholarships	Not Applicable	Not Applicable	Yes	Yes	https://www.federal.bank.in/documents/d/guest/fhmf-scholarship-approved-final
Federal Skill Academies	Not Applicable	Not Applicable	Yes	Yes	https://www.federal.bank.in/documents/d/guest/fsa-approved-final
Palliative Care project- Guardian Angel Peace Mission Centre, Nedumbassery, Ernakulam	Not Applicable	Not Applicable	Yes	Yes	https://www.federal.bank.in/documents/d/guest/gapmc-approved-final

Note : As per Rule 8(3) of the Companies (Corporate Social Responsibility Policy) Rules, 2014; Impact Assessment is required only for CSR projects with an outlay of ₹1 crore or above, and the assessment is to be carried out only one year after the completion of the project.

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by the entity, 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)
Not Applicable						

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. The concerns can be handled through the grievance redressal option available on the Bank's website, where such grievances are addressed appropriately. Web-link of the grievance redressal policy: https://www.federal.bank.in/grievance-redressal-general-banking

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers (▽):

	FY 2025-26	FY 2024-25
Directly sourced from MSMEs/small producers	18.08%	12.00%
Directly from within India	99.81%	100.00%

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**

Location	FY 2025-26	FY 2024-25
Rural		
% of Job creation in Rural areas	4.86%	5.24%
Semi-urban		
% of Job creation in Semi-urban areas	42.24%	43.68%
Urban		
% of Job creation in Urban areas	23.60%	23.58%
Metropolitan		
% of Job creation in Metropolitan areas	29.31%	27.50%

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
Nil	

2. **Provide the following information on CSR projects undertaken by the entity in the designated aspirational districts as identified by government bodies:**

S. No	State	Aspirational District	Amount spent (In Crore INR)
1	Assam	Barpeta	0.45
2	Assam	Darrang	0.28
3	Kerala	Wayanad	0.17
4	Jharkhand	Ranchi	0.13
5	Tamil Nadu	Virudhunagar	0.057
6	Andhra Pradesh	Visakhapatnam	0.026
7	Bihar	Muzaffarpur	0.0038
Total			**1.12**

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized/vulnerable groups? (Yes/No)

Federal Bank does not have a formal preferential procurement policy for suppliers from marginalised or vulnerable groups, as its primary procurement needs comprise technology infrastructure, digital platforms, and professional services, where vendor selection is governed by capability and quality standards. However, reflecting its commitment to responsible sourcing, all consumables and stationery across the Bank's branches and offices are sourced entirely from local suppliers.

(b) From which marginalized/vulnerable groups do you procure?

A preferential procurement process is not implemented by the 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 entity (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
Not Applicable				

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
Not Applicable		

6. **Details of beneficiaries of CSR Projects:**

S. No	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Education- (Federal Bank Hormis Memorial Foundation Scholarships)	1,192	While several of our CSR initiatives, 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 initiatives that deliver benefits to the broader public.
2	Education,Youth Engagement (Speak for India 2025-26)	8,117	
3	Livelihood Enhancement & Skill Development- (Federal Skill Academies)	3,223	
4	Healthcare -(Patient support program)	15,419	
5	Healthcare - (Cancer Screenings through Sanjeevani)	11,177	
6	Employee Volunteering-(Drops of Hope-Blood Donation Drive)	70,284	
7	#TwiceisWise (Cyber Security Awareness Campaign)	10,64,00,000	
8	SEED Programme	40,00,000	

Principle 9:

Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators:

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

Federal Bank has established a multi-layered grievance redressal framework to ensure prompt, fair, and transparent resolution of customer complaints across all touchpoints, in alignment with Reserve Bank of India guidelines and the Bank's Customer Grievance Redressal Policy.

Grievance Submission Channels

Customers may submit complaints, queries, or service requests through the following channels:

- Dedicated emails and 24x7 contact centre support
- Physical branch network across India
- Bank's official website and mobile banking application

All grievances are systematically logged as Service Request (SR) tickets on the Bank's Customer Experience (CX) portal, enabling end-to-end tracking, escalation, and resolution monitoring.

Grievance Redressal Process

The Bank follows a structured, tiered resolution process:

Level 1 — First Point of Contact: Customers may approach any branch or the Contact Centre for initial resolution. Upon submission, an SR ticket is auto-generated and an acknowledgment is sent to the customer. Grievances are categorised by nature with identified service deficiencies classified as formal complaints to ensure appropriate prioritisation and accountability.

Level 2 — Nodal Officer Escalation: In cases where the initial resolution is unsatisfactory, customers may escalate to the Bank's Nodal Officer at grievanceescalations@federal.bank.in.

Level 3 — Principal Nodal Officer: In cases where the grievance is still not resolved to the customer's satisfaction, further escalation may be made to the Principal Nodal Officer at support@ federal.bank.in.

Level 4 — RBI Integrated Ombudsman: Should the customer remain dissatisfied with the Bank's resolution, the matter may be referred to the Reserve Bank of India's Integrated Ombudsman Scheme through the RBI Complaint Management System at https://cms.rbi.org.in/ or to the address of CRPC or by contacting the RBI Contact Centre at 14448.

All complaints proposed to be wholly rejected or partially resolved are reviewed by the Internal Ombudsman, whose concurrence is obtained before final decisions are communicated to customers, while preserving their right to appeal to the RBI Ombudsman if dissatisfied.

The Bank endeavours to resolve all customer complaints within 30 days of receipt, with digital transaction and interbank payment disputes addressed in accordance with regulatory timelines and network-specific guidelines.

Escalated complaints are monitored by the Central Grievance Redressal Cell (CGRC), which facilitates resolution and identifies recurring/systemic issues to enable corrective action and prevent recurrence.

Customer Feedback and Satisfaction Measurement

The Bank employs a structured, data-driven approach to measuring and enhancing customer satisfaction. Net Promoter Score (NPS) serves as the primary metric for tracking customer sentiment and experience quality across the following touchpoints:

- Contact Centre: NPS data collected from customer interactions with the Bank's contact centre is analysed to identify gaps in service delivery, refine agent training programmes, and implement targeted service enhancements.
- Branch Network: Feedback is systematically gathered from customers visiting branches, enabling location-level experience assessment. Insights are shared with internal stakeholders to drive consistent service excellence across the branch network.

Customer feedback is also integrated through in-app NPS surveys conducted on FedMobile and during the account opening journey for Business Users (BUB). Insights gathered from these touchpoints are analysed and shared with relevant business units to identify improvement opportunities, enhance digital experiences, and drive customer-centric service enhancements.

Governance and Oversight

The Bank maintains Board-level oversight of customer service quality through the following governance structures:

- Customer Service Committee of the Board — Reviews customer service standards, complaint trends, and policy adequacy at the Board level on a periodic basis.
- Standing Committee on Customer Service — Monitors operational-level service quality, analyses complaint data, and recommends corrective measures to ensure continuous improvement in customer experience.
- The Bank has established audit mechanisms to assess the quality of complaint resolution and conducts Root Cause Analysis (RCA) to identify recurring issues and continuously improve processes.
- The Bank's Customer Service Committees periodically review complaint trends and customer feedback, supporting improvements in customer experience, strengthening service delivery standards, and driving continuous enhancement of grievance handling processes.

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:

	FY 2025-26		Remarks	FY 2024-25		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	5	0	None	0	_	None
Advertising	0	0	None	0	_	None
Cyber-security	0	0	None	0	_	None
Delivery of essential services	1,354	29	None	0	_	None
Restrictive Trade Practices	0	0	None	0	_	None
Unfair Trade Practices	30	0	None	0	_	None
Other	1,66,712	2,902	None	1,74,310	5,005	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 entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

The Bank has adopted a Digital Personal Data Protection Policy, aligned with the DPDP Act, 2023 and applicable regulatory requirements, for governing the processing and protection of digital personal data and managing related data privacy risks. The Information Systems Security Policy (ISSP) of the Bank which is reviewed and approved annually by the Board, also covers privacy-related aspects. Additionally, the Privacy Policy of the Bank has been shared on the Banks website, the web-link for which is https://www.federal.bank.in/privacy-policy

The Bank also has a well-defined Cyber Security Policy document to address the need for the entire Bank to contribute to a cyber-safe environment. This policy highlights the risks from cyber threats and the measures to address or mitigate these risks. It 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 Board-level IT and Operations Committee reviews this policy document and the Board approves the document 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.

There have not been any incidents concerning the Bank's systems which affected the cyber security or the privacy of the customers. Additionally, the Bank has not been subjected to any penalty by regulatory authorities on the safety of products/services during the fiscal year.

7. Provide the following information relating to data breaches (🛡):

	Provide the following information relating to data breaches:
a. Number of instances of data breaches	Nil
b. Percentage of data breaches involving personally identifiable information of customers	
c. Impact, if any, of the data breaches	

Leadership Indicators:

1. Channels/platforms where information on products and services of the entity can be accessed (provide web-link, if available).

The customers can find the details of the Bank's products/services through these key channels:

- Branches: The Bank's Mantra is "Digital at the Fore and Human at the Core", and we exemplify relationship banking. The branches are open during office hours so the customers can contact to know more about the services/products.
- Mobile Apps: There has been tremendous increase in the usage of mobile apps for banking; this is because these apps provide a convenient way to check balances, transfer funds, pay bills, and access other services.
- Websites: The Bank maintains user-friendly websites where customers can explore product details, apply for loans, open accounts, and find information about interest rates, fees, and policies.
- Contact Centers: Some customers still prefer human interaction even though digital channels are becoming popular. Therefore, Contact Centers handle queries, resolve issues and provide assistance over the phone for those customers.
- Feddy (Virtual Assistant): Powered by artificial intelligence, Feddy is a virtual assistant that can help customers with banking needs. Feddy can help check balance, 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.federal.bank.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 the Bank's communication agenda. A CSR programme called 'Twice is Wise' has been formulated through which social media posts, radio telecasts, interviews, road shows etc have been incorporated to inform the safe ways of banking. The 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.

- Notifications on Websites: The customers are informed about scheduled maintenance, system upgrades, or any potential disruptions via these messages.
- Notifications via Mobile: Apps Customers receive in-app notifications regarding updates, service interruptions, or important alerts.
- Email Alerts: Email notifications regarding service interruptions, changes in policies, or upcoming maintenance based on the duration and affected customers.
- SMS (Text) Alerts: The 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 Federal Bank Limited goes beyond the statutory requirements in displaying product-related information. The commitment to maintain transparency with all stakeholders is fulfilled by the Bank by providing comprehensive details regarding its products & services. The notice boards at branches and offices, as well as the Bank's official website prominently display the key information such as service charges, interest rates, grievance redressal mechanisms, and other important notices. The detailed descriptions of various products and services are also made available online to ensure that the customers have easy access and informed decision making.

Additionally, the 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.

The Federal Bank uses Net Promoter Score (NPS) as the metric for gauging customer satisfaction. The programs that are currently aligned with this are as follows:

a. Contact Center: A system has been implemented to collect NPS from customers who interact with the Contact Center, the results of which are monitored and analysed to gain insight into customer perceptions and preferences. This is a type of feedback mechanism that has allowed the identification of areas for improvement in the services and training programs for the Contact Center staff.

b. Branch Visiting Customers: Branches have been a key customer touchpoint for the Federal Bank and therefore, to enhance the understanding about customer interactions, there has been the implementation of a feedback mechanism for branch visitors. This has allowed the systematic capture and assessment of customer feedback across locations. The insights that are gathered are shared with the relevant shareholders to drive necessary improvements.

   As a part of its ongoing commitment to customer satisfaction, the Bank is also expanding its feedback collection mechanisms by introducing additional touchpoints to further measure and enhance the overall customer experience.

c. Annual Survey: The Bank is conducting its annual survey across all key customer segments, including BUB, CASA, Gold Loan, NRE and Credit Card. The survey Provides comprehensive, data-driven insights into customer satisfaction and service quality across all key segments, enabling informed decision-making and continuous improvement initiatives.

INDEPENDENT PRACTITIONER'S REASONABLE 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** the 'Company') have engaged us for providing Assurance Report on identified sustainability information in the Business Responsibility & Sustainability Report (BRSR) of the Company for the year ended March 31, 2026, including relevant information of the previous year disclosed in the BRSR.

Our scope of work consists of Reasonable Assurance on BRSR Core Parameters in the BRSR Report, as described in the Securities and Exchange Board of India's (SEBI) vide Master Circular No. HO/49/14/14(7)2025-CFD-POD2/I/3762/2026 dated January 30, 2026 and Limited Assurance on non-core parameters of the BRSR.

Opinion

Reasonable Assurance for 9 BRSR-Core Parameters (Refer to Annexure-1)

We have performed a Reasonable Assurance engagement on whether the FBL's identified sustainability information i.e. BRSR Core indicators disclosed in the BRSR report for the period from April 01, 2025 to March 31, 2026, has been prepared in accordance with the Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, guidance notes for BRSR format issued by SEBI.

In our opinion, the Company's BRSR Core indicators disclosed in the BRSR report for the period from April 01, 2025 to March 31, 2026 including relevant information of the previous year disclosed in the BRSR subject to reasonable assurance is prepared in all material respects, in accordance with the Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and basis of preparation as set out in Section A General Disclosures 13 of the BRSR Report for the year ended March 31, 2026.

The Company has established appropriate systems for the collection, aggregation, and analysis of quantitative data on all BRSR Core Parameters.

Our opinion is not modified in respect of this matter.

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.

Basis for opinion and summary of our work

We have performed the Reasonable Assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) and in line with the requirements of Bureau Veritas's Internal Standards and Requirements for assurance of Sustainability Reports.

As part of its independent reasonable assurance engagement, 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 for verifying the disclosures for the period of April-2025 to March-2026. The verification was carried out by means of physical site visits at **THE FEDERAL BANK LIMITED**'s Locations at Aluva (Kerala). Assessment was conducted by means of physical site visits and virtually as explained below. Bureau Veritas interviewed personnel of THE FEDERAL BANK LIMITED's including Chief Security Officer (CSO), HR, Purchase, Accounts and other relevant departments.
- The assurance process involved carrying out an Assessment by experienced assessors from Bureau Veritas.
- The Company has submitted performance data on reported BRSR topics. The data was assessed by Bureau Veritas through the process above described.
- Data on various BRSR attributes were assessed for the locations that were visited. Later, it was confirmed that the same assessed data went into preparation of the final data within the BRSR Report for FY 2025-26.
- Review of Company's data and information systems for collection, aggregation, analysis and review.

Our work was conducted against Bureau Veritas' standard procedures and guidelines for external Assurance of Sustainability Reports, based on the current best practice in independent assurance.

Reporting Boundary

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.

Assessment Locations

The assessment was conducted on 9th and 10th June 2026 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: Hassan (Karnataka) & Chiplun (Maharashtra) branches on 25th May 2026 and Mysuru (Karnataka) and Surandai (Tamil Nadu) branches on 26th May 2026.

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 Company and its management. We are not involved in drafting or preparation of BRSR Report. Our sole responsibility was to provide independent reasonable assurance on BRSR Core indicators stated in the BRSR report for the year ended March 31, 2026.

Our responsibility

We are responsible for performing Reasonable Assurance on the BRSR Core parameters and Limited Assurance on Non-core parameters in the BRSR Report of the company for the period from April 01, 2025 to March 31, 2026, including relevant information of the previous year disclosed in the BRSR report, are free from material misstatements, whether due to fraud or error, in accordance with the reporting requirements stated above. Our responsibility includes forming an independent opinion, based on the procedures performed by us and the evidence we have obtained, and reporting our reasonable assurance opinion on the BRSR Core indicators to the Directors of **THE FEDERAL BANK LIMITED**.

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**'s 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 198 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 Reasonable assurance report on BRSR Core parameters and Limited assurance on non-core parameters have been prepared and addressed to the Board of Directors of the Company 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 Company. 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 Biliangadi — Digitally signed by Nagabhushan Biliangadi Date: 2026.07.28 11:42:40 +05'30'

Nagabhushan B BILIANGADI

Lead Assuror

Bureau Veritas (India) Private Limited

Hubballi, India

Date: 28-07-2026

MUNJI RAMA MOHAN RAO — Digitally signed by MUNJI RAMA MOHAN RAO Date: 2026.07.28 12:48:15 +05'30'

Munji Rama Mohan Rao

Technical Reviewer

Bureau Veritas (India) Private Limited

Hyderabad, India

Date: 28-07-2026

Annexure 1

Reasonable level of assurance is provided for following '9 Indicators included in BRSR-Core Attributes'

Main Sr No.	Sub Sr. No.	Title	Parameters	Verified Value
Parameter 1	1	GHG footprint	Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	1903.84 M tCO_2e
	2		Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available) -	29904.02 M tCO_2e
	3		GHG Emission Intensity (Total Scope (1+2) emissions} (Break-up of the GHG (CO2e) into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available) -	0.99 MT CO_2e /Cr ₹ Revenue
	4		GHG Emission Intensity (Scope 1 +2)	1.80 MT CO_2e / employee
Parameter 2	1	Water Footprint	Total water consumption	31,740.93 kL
	2		Water consumption intensity per crore Rupees revenue	0.99 KL per crore rupees of turnover
	3		Water Discharge by destination and levels of Treatment	Total: 126963.72 kL With Treatment : 4464.42 kl No Treatment: 122499.31 kl
Parameter 3	1	Energy Footprint	Total energy consumed	Total: 1,68,076.60 GJ
	2		Percentage of energy consumed from renewable	1.31 %

			sources	
	3		Energy Intensity	Intensity: 5.23 GJ /Cr ₹ Revenue
Parameter 4	1	**Waste Management**	Embracing circularity - details related to waste management by the entity - Plastic waste (A) - E-waste (B) - Bio-medical waste (C) - Construction and demolition waste (D) - Battery waste (E) - Radioactive waste (F) - Other Hazardous waste. Please specify, if any. (G) - Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector) - Total waste generated ((A+B + C + D + E + F + G + H)	Plastic waste (A): 24.58 MT E-waste (B): 18.71 MT Bio-medical waste (C): NA Construction and demolition waste (D): NA Battery waste (E); 141.21 MT Radioactive waste (F): NA Other Hazardous waste. Please specify, if any. (G) : NA Other Non-hazardous waste generated (H). Paper Waste (A4 sheets consumed) : 244.21 MT Food waste: 5.75 MT Total: 434.46 MT
	2		Waste Intensity	0.010 MT /Cr ₹ Revenue
	3		Each category of waste generated, total waste recovered through recycling, re-using or other recovery operations	159.92 MT
	4		For each category of waste generated, total waste disposed by nature of disposal method	(i) Incineration: 0 (ii) Landfilling-: 0 MT ((iii) Other disposal operations: 274.54 MT
Parameter 5	1	**Employee Welfare and Safety**	Spending on measures towards well-being of employees and workers – cost incurred as a percentage of total revenue of the company	0.43%
	2		Details of safety related incidents for employees and workers (including contract-workforce e.g. workers in the company's construction sites).	Permanent Disability = 0. LTIFR = 0.026 Recordable work related injury=1

Parameter 6	1	**Enabling Gender Diversity in Business**	Complaints on POSH (sexual harassment)	Total Cases: 3 As a % of female employees / workers: 0.04% Upheld: 2
	2		Gross wages paid to females as % of wages paid	37.44 %
Parameter 7	1	**Enabling inclusive Development**	Input material sourced from following sources as % of total purchases Directly sourced from MSMEs/ small producers	18.08%
	2		Sourced from within India	100%
	3		Job creation in smaller towns – Wages paid to persons employed in smaller towns (permanent or non-permanent /on contract) as % of total wage cost	Rural 4.86% Semi-urban 42.24% Urban 23.60% Metropolitan 29.31%
Parameter 8	1	**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	0
	2		Number of days of accounts payable	13.47
Parameter 9	1	**Openness of Business**	Concentration of purchases & sales done with trading houses, dealers, and related parties Loans and advances & investments with related parties	a. Purchases (Purchases with related parties / Total Purchases) 1.02% b. Sales (Sales to related parties / Total Sales) 1.28% c. Loans & advances (Loans & advances given to related parties /Total loans & advances) 0.59% d. Investments (Investments in related parties/Total Investments made) 1.29%

Management Discussion and Analysis

Executive Summary

Federal Bank is one of India's leading private sector banks, offering a comprehensive suite of banking and financial services across retail, corporate, MSME, agricultural and NRI customer segments. Backed by a strong franchise, prudent risk management practices and a growing digital ecosystem, Your Bank continues to strengthen its position as a customer-centric and future-ready financial institution.

FY 2025-26 was a year of strong operational execution and strategic progress. Your Bank accelerated the implementation of its Federal 4.0 transformation agenda, focused on strengthening the liability franchise, optimising the asset mix, enhancing fee-based income streams and improving operating efficiency. The year also witnessed continued progress under the 'Free The Branch' operating model, enabling greater customer focus and productivity across the branch network.

Your Bank delivered a healthy financial performance during the year, with total assets increasing to ₹3,87,521 Crore, deposits rising to ₹3,13,909 Crore and net advances growing to ₹2,64,594 Crore. Net Interest Income increased to ₹10,657 Crore, while operating profit reached ₹7,206 Crore. Net profit stood at ₹4,117 Crore, supported by disciplined balance sheet management, healthy business growth and resilient operating performance.

Asset quality and capital position continued to strengthen, with Gross NPA improving to 1.62%, Net NPA declining to 0.20% and Provision Coverage Ratio increasing to 87.07%. Capital Adequacy Ratio remained strong at 17.25%, with CET-1 at 15.93%, providing a robust foundation for future growth.

The year also marked several important strategic milestones, including CASA deposits crossing ₹1 Lakh Crore, NR Deposits exceeding ₹1 Lakh Crore, the launch of the wealth management business, a comprehensive brand refresh and continued strengthening of Your Bank's leadership position in the NRI banking segment. These initiatives, together with the proposed strategic investment by Blackstone, reinforce Your Bank's commitment to building a more agile, technology-enabled and customer-centric institution capable of delivering sustainable long-term value.

Economic Environment

Global Economy Overview[1]

The year under review was characterised by heightened geopolitical uncertainties, evolving trade dynamics and continued policy adjustments across major economies. Despite these challenges, the global economy demonstrated notable resilience, with global GDP growing by 3.4% in CY 2025. Growth was supported by steady consumer spending, resilient labour markets in several advanced economies, sustained investments in digital technologies and Artificial Intelligence (AI) and supportive fiscal measures that helped maintain economic stability amid a complex global environment.

Advanced economies recorded growth of 1.9% during the same period. The United States expanded by 2.1%, supported by healthy household consumption, continued business investment and positive financial market sentiment, although labour market conditions showed signs of gradual moderation. Europe grew by 1.4%, reflecting resilience despite persistent trade-related pressures and uneven economic performance across the region.

Emerging and developing economies continued to outperform, registering growth of 4.4%. China recorded growth of 5.0%, supported by policy measures, public expenditure and export activity. India remained one of the fastest-growing major economies, driven by robust domestic demand, a resilient services sector, sustained infrastructure investment and continued digital transformation. However, several developing economies continued to face challenges arising from elevated debt burdens, currency volatility and constrained fiscal flexibility.

Monetary policy actions, easing inflationary pressures in several regions and continued technological advancement contributed to overall economic stability. Nevertheless, the global economy remains exposed to geopolitical risks and potential disruptions to international trade and capital flows. Escalating tensions in West Asia have introduced additional uncertainty into the global macroeconomic landscape. Risks surrounding critical energy supply routes, including the Strait of Hormuz, have heightened volatility in commodity and energy markets, with potential implications for inflation, financial market sentiment and global growth prospects. In response, governments and central banks across regions continue to monitor evolving developments while strengthening economic resilience through diversified trade and energy strategies.

Outlook

Global growth is projected to moderate to 3.1% in CY 2026 before improving marginally to 3.2% in CY 2027. The moderation reflects the impact of trade-related uncertainties, softer consumption trends, easing inventory cycles and tighter financial conditions across several economies. While the medium-term growth outlook remains stable, downside risks stemming from geopolitical developments, trade fragmentation and financial market volatility warrant continued vigilance.

[1] https://www.imf.org/en/publications/weo/issues/2026/04/14/world-economic-outlook-april-2026

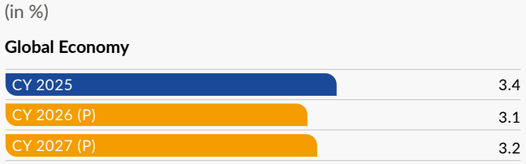
Global headline inflation is expected to remain relatively volatile, with forecasts indicating an increase to 4.4% in CY 2026 before moderating to 3.7% in CY 2027. Geopolitical developments, particularly those affecting energy markets and global supply chains, may contribute to temporary cost pressures and inflationary fluctuations. Consequently, central banks are expected to maintain a cautious and data-driven approach to monetary policy, balancing inflation management with support for economic growth.

Technological innovation, particularly in Artificial Intelligence (AI), continues to emerge as a significant driver of productivity and economic transformation. Within the financial services sector, AI is enabling enhanced risk management, fraud detection, customer engagement, operational efficiency and data-driven decision-making. These advancements are supporting the development of more efficient, secure and inclusive financial ecosystems while creating new opportunities across banking, payments and digital financial services.

As global economic conditions continue to evolve, sustaining long-term growth will depend on stronger international cooperation, investment-led expansion, financial sector resilience, structural reforms and continued innovation across both developed and emerging economies.

Global GDP Growth Trend

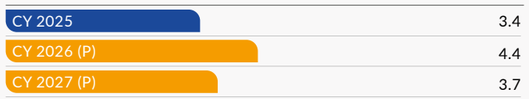
(in %)



P – Projections I Source – IMF

Global Headline Inflation Trend

(in %)



P – Projections I Source – IMF, World Economic Outlook, April 2026

Indian Economy Overview[2]

India reinforced its position as one of the fastest-growing major economies globally during FY 2025-26. Real GDP is estimated to have grown by approximately 7.7%, compared with 7.1% in the previous year, reflecting sustained economic momentum. Growth was supported by resilient rural demand, healthy agricultural output, robust services sector performance and a gradual improvement in industrial activity. Government initiatives, including the Production Linked Incentive (PLI) schemes and continued investments in infrastructure, further strengthened economic activity and investment sentiment. The favourable macroeconomic environment, coupled with improving consumer confidence and business activity, supported healthy credit demand across retail, MSME and corporate segments, while also contributing to the overall resilience of the financial sector.

Inflation remained under control, with the Consumer Price Index (CPI) at 3.93% in May 2026[3] based on the revised 2024 base year. Stable inflation helped protect purchasing power and supported demand across urban and rural markets. This was further supported by measures such as income tax relief, GST rationalisation and an accommodative monetary policy stance, which together sustained consumption. The Union Budget 2026–27 further reinforced the growth outlook through continued fiscal discipline, a public capital expenditure allocation of ₹12.2 Lakh Crore, measures to strengthen MSME financing through TReDS and credit guarantee mechanisms, and reforms aimed at enhancing the efficiency and resilience of the financial sector.[4]

India is also strengthening its integration with global value chains. Ongoing trade discussions with the United States and the European Union are expected to support exports, enable technology transfer and attract long-term investment. In response to geopolitical developments in the Middle East, India has taken steps to diversify crude oil sourcing and strengthen alternative supply channels, improving overall energy security. During the year, the Indian Rupee experienced periods of volatility amid global geopolitical uncertainties, elevated crude oil prices and foreign portfolio outflows. However, India's strong macroeconomic fundamentals, healthy foreign exchange reserves and prudent policy measures helped contain excessive volatility and supported overall financial stability.

Outlook

Looking ahead, India is projected to remain the fastest-growing major economy. Real GDP growth for FY 2026-27 is expected to be 6.6%.[5] Expansion is likely to be supported by continued government capital expenditure and a recovery in private consumption. Real Private Final Consumption Expenditure is projected to grow by around 7.0% in FY 2025-26, indicating improving demand.

Ongoing structural reforms are expected to support long-term growth. These include GST rationalisation, progress on new and upgraded free trade agreements and continued efforts to improve the ease of doing business.

[2] https://static.pib.gov.in/WriteReadData/specificdocs/documents/2026/jun/doc202665884801.pdf
[3] https://www.pib.gov.in/PressReleasePage.aspx?PRID=2272112&reg=48&lang=1
[4] https://www.indiabudget.gov.in/doc/bh1.pdf
[5] https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=62863

Inflation is expected to remain moderate under the revised base year. This may allow the Reserve Bank of India (RBI) to maintain a supportive monetary policy stance. In turn, this is likely to facilitate investment and sustain credit growth, even as global conditions remain uncertain due to tariff pressures and geopolitical uncertainties.

Indian GDP Growth Trend

(%)



P – Projected
Source: RBI

Industry Overview

Indian Banking Sector[6]

Sector Overview and Operating Environment

Banking Sector at a Glance

₹241 Lakh Crore
Total Deposits

₹202 Lakh Crore
Total Advances

₹70.3 Lakh Crore
Retail Advances

₹36.2 Lakh Crore
MSME Advances

1.9%
GNPA Ratio

1.3%
ROA

3.0%
NIM

₹2.9 Lakh Crore
PAT

84%
Credit-Deposit Ratio

35.9%
CASA Ratio

Source: BCG Banking Sector Roundup

India's banking sector continued to demonstrate strong resilience and growth during FY 2025-26, supported by healthy economic activity, robust credit demand and improving asset quality. Total deposits increased by 10% YoY to ₹241 Lakh Crore, while total advances grew by 13% to ₹202 Lakh Crore, reflecting sustained lending momentum across retail, MSME and corporate segments. Asset quality continued to strengthen, with the Gross Non-Performing Asset (GNPA) ratio improving to 1.9%, one of the lowest levels in recent years. Despite moderation in Net Interest Margins (NIMs) to 3.0% amid funding cost pressures, the sector remained profitable, reporting a return on assets (RoA) of 1.3% and profit after tax (PAT) of approximately ₹2.9 Lakh Crore. Strong capitalisation, healthy provisioning buffers and increasing digital adoption further reinforced the sector's ability to support economic growth while maintaining financial stability.

The sector also witnessed continued consolidation around well-capitalised institutions, with banks increasingly focusing on strengthening balance sheets, improving operational efficiency and expanding scale through technology-led transformation rather than aggressive branch expansion. Consolidation trends, coupled with disciplined capital allocation and stronger governance frameworks, are expected to enhance long-term competitiveness and resilience across the banking system.

Credit Growth, Deposits and Liquidity Conditions

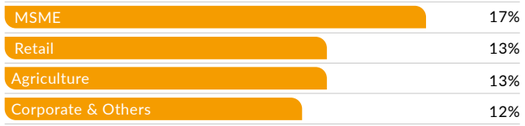
Credit demand remained healthy across key segments, supported by consumption-led growth, infrastructure investments and improving business activity. Total advances grew by 13% YoY, outpacing deposit growth of 10%, resulting in elevated credit-deposit ratios across the banking system.

MSME lending emerged as the fastest-growing segment, recording growth of 17%, followed by retail and agricultural lending at 13% each. Corporate lending also witnessed steady growth, supported by infrastructure development and capacity expansion across select sectors.

Deposit mobilisation remained a key focus area for banks. While term deposits grew by 11.3%, CASA growth moderated to 8.8%, leading to a decline in the industry CASA ratio. The gap between credit and deposit growth continued to place pressure on funding costs, although RBI liquidity measures helped maintain adequate system liquidity.

India's strong macroeconomic fundamentals and resilient banking system continued to attract foreign institutional interest in the financial sector. Stable capital inflows, growing investor confidence and sustained participation by global investors supported funding availability and reinforced confidence in India's long-term banking growth story.

Credit Growth by Segment



Retail, MSME and Rural Banking Landscape

Retail, MSME and rural segments continued to drive banking sector growth. Retail lending remained supported by strong demand for housing, vehicle finance and secured lending products. MSME financing benefited from increasing formalisation, government support initiatives and wider adoption of digital underwriting models.

Rural credit demand remained healthy, supported by resilient agricultural activity, favourable monsoon conditions and continued financial inclusion initiatives. Banks continued to expand their presence in semi-urban and rural markets through digital channels, business correspondents and technology-enabled service delivery models.

Digital Banking and Fintech Ecosystem

₹28 Trillion
UPI Transaction Value
Driven by strong digital payment adoption.

20–32%
UPI Growth
Supported by expanding user and merchant participation.

26%
Credit Card Volume Growth
Reflecting rising consumer spending.

22% Decline
Debit Card Transactions
Amid increasing preference for UPI payments.

India continued to strengthen its position as one of the world's leading digital financial ecosystems. Unified Payments Interface (UPI) remained the primary driver of digital payments, with transaction value exceeding ₹28 trillion and annual growth exceeding 20%.

Banks accelerated investments in digital platforms, artificial intelligence, analytics and cybersecurity to enhance customer experience, improve operational efficiency and strengthen risk management. Collaboration between banks and fintech companies continued to support innovation across payments, lending, wealth management and embedded finance solutions.

NRI Banking, Wealth Management and Insurance Landscape

₹82 Trillion
Mutual Fund AUM
Reflecting rising retail participation and sustained SIP inflows

32%
AUM Growth
Driven by strong inflows into equity, ETF and hybrid funds

26%
Insurance Premium Growth
Supported by increasing protection awareness and distribution expansion

India remained the world's largest recipient of remittances, supported by a large overseas Indian diaspora and increasing adoption of digital payment channels. Growing remittance inflows continued to support deposit mobilisation, foreign exchange flows and customer engagement opportunities for banks.

The wealth management and insurance sectors also recorded strong growth. Mutual fund assets under management expanded to approximately ₹82 trillion, supported by sustained SIP inflows and growing retail participation. Insurance premiums witnessed healthy growth driven by rising awareness, financial planning and wider distribution networks. These trends continue to create opportunities for banks to diversify revenue streams through bancassurance, investment products and advisory services.

Retail, MSME & Rural Credit Landscape

17%
MSME Lending Growth
Highest-growing credit segment

13%
Retail Lending Growth
Driven by housing, auto and personal finance

[6] https://web-assets.bcg.com/f2/42/3099132d4f64a777ffe93fc64969/banking-sector-roundup-9mfy26.pdf

13%

Agricultural Credit Growth

Supported by rural demand and financial inclusion

Retail, MSME and rural segments remained key growth engines for the banking sector. Retail lending benefited from rising household incomes, improving employment conditions and increasing demand for housing and vehicle finance. MSME lending continued to expand through greater formalisation, digital underwriting and government-backed support programmes. Rural credit demand remained healthy, supported by favourable agricultural conditions, higher farm incomes and continued financial inclusion initiatives. Banks increasingly leveraged analytics-driven underwriting models and digital channels to expand outreach while maintaining portfolio quality.

Regulatory Developments

The regulatory environment during FY 2025-26 remained focused on supporting economic growth while preserving financial stability. The Reserve Bank of India (RBI) reduced the policy repo rate by a cumulative 125 basis points since February 2025 to 5.25% and lowered the Cash Reserve Ratio (CRR) by 100 basis points to 3.0%, releasing significant liquidity into the banking system. Additional liquidity support through open market operations and foreign exchange swap interventions helped maintain orderly market conditions and support credit transmission. Alongside liquidity measures, the regulatory focus also supported credit expansion through measures to strengthen MSME financing, including enhancement of collateral-free lending limits, wider adoption of Account Aggregator and GST-linked underwriting frameworks, and continued promotion of digital credit assessment to improve access to formal finance. The banking sector remained well-capitalised, with capital adequacy levels comfortably above regulatory requirements and asset quality improving, as reflected in the decline of the GNPA ratio to 1.9%. Alongside monetary and liquidity measures, the RBI continued to strengthen regulatory oversight through enhanced focus on digital resilience, cyber security, governance standards, responsible lending practices and customer protection. During the year, the regulatory focus also intensified on governance standards, board oversight, compliance culture, risk governance and accountability, encouraging banks to strengthen internal controls, enhance transparency and reinforce long-term financial resilience.

Opportunities and Challenges

Opportunities

- India's strong economic growth outlook and rising household incomes are expected to sustain demand for retail, MSME and corporate credit.
- Continued infrastructure investments, manufacturing expansion and government-led development programmes are creating significant financing opportunities.
- Rapid growth in digital banking, UPI transactions and fintech collaboration is enabling customer acquisition, operational efficiency and product innovation.
- Increasing formalisation of MSMEs and expansion of financial inclusion initiatives are widening the addressable lending market.
- Growing demand for wealth management, investment products and insurance solutions is creating opportunities to expand fee-based income streams.
- Rising remittance inflows and expanding NRI banking relationships provide opportunities for deposit mobilisation and cross-border financial services.
- Adoption of Artificial Intelligence, advanced analytics and automation can enhance customer experience, risk assessment and operational productivity.

Challenges

- Deposit growth continues to lag credit growth, resulting in elevated Credit-Deposit ratios and increasing funding pressures across the sector.
- Margin pressures remain due to intense competition for deposits and slower transmission of lower policy rates to deposit costs.
- Rising cybersecurity risks, digital fraud incidents and technology-related vulnerabilities require continuous investment in risk management frameworks.
- Global geopolitical uncertainties, trade disruptions and financial market volatility may affect business sentiment and credit demand.
- Regulatory expectations relating to governance, customer protection, compliance and data privacy continue to increase operational complexity.
- Intensifying competition from private banks, NBFCs, fintech companies and digital-first financial institutions may impact market share and pricing power.
- Asset quality in select unsecured retail and MSME segments requires continued monitoring amid evolving macroeconomic conditions.

Industry Outlook

The Indian banking sector is expected to maintain a healthy growth trajectory in FY 2026–27, supported by resilient domestic demand, continued infrastructure investments and favourable demographic trends. Credit growth is expected to remain robust across retail, MSME and corporate segments, while asset quality is likely to remain stable, supported by low GNPA levels and strong provisioning buffers.

Although competition for deposits and margin pressures may persist in the near term, improving liquidity conditions, stable regulatory oversight and ongoing digital transformation are expected to support long-term profitability and sector resilience. Increasing adoption of technology, expansion of financial services ecosystems and deeper financial inclusion are expected to create significant growth opportunities for the banking sector over the medium term.

Strategic Transformation Journey

FY 2025-26 represented a significant milestone in Your Bank's transformation journey. Building upon the foundations laid in the previous year, Your Bank accelerated the execution of Federal 4.0, a strategic framework designed to strengthen long-term competitiveness, improve operating efficiency and create a more agile, customer-centric organisation. Anchored in the objective of delivering sustainable and profitable growth, the framework focuses on strengthening the liability franchise, improving asset quality and yields, enhancing fee-based income streams and embedding a performance-driven culture across the organisation. Throughout the year, Your Bank remained focused on translating these strategic priorities into measurable outcomes.

A key enabler of this transformation has been the implementation of the 'Free The Branch' operating model. Under this initiative, Your Bank undertook a comprehensive redesign of branch operations with the objective of allowing frontline teams to devote greater time and resources towards customer engagement, relationship building and business generation. The establishment of specialised business support centres, regional processing hubs and service centres, coupled with initiatives focused on centralisation, digitisation, simplification and process optimisation, has helped streamline operations and improve productivity across the network. At the same time, Your Bank strengthened accountability through branch-level profitability frameworks, redesigned performance scorecards and a more data-driven approach to network expansion and optimisation.

Another important area of focus has been asset mix optimisation. Recognising the need to improve risk-adjusted returns while maintaining prudent risk management standards, Your Bank undertook a calibrated rebalancing of its loan portfolio towards higher- and medium-yielding segments. Growth was driven through businesses such as commercial banking, commercial vehicle finance, loan against property, gold loans and select retail lending products, while maintaining discipline in segments where risk-reward dynamics were less favourable. Alongside this, sustained efforts to deepen CASA relationships, strengthen current account acquisition and improve deposit granularity contributed towards enhancing the quality of the liability franchise and supporting margin resilience.

The transformation journey also extended beyond operations and balance sheet management. During the year, Your Bank strengthened its brand identity through a comprehensive brand refresh, expanded its digital capabilities, launched its wealth management business and continued to reinforce its leadership position in the NRI banking segment. Collectively, these initiatives represent meaningful progress in Federal 4.0 and reflect Your Bank's commitment to building a future-ready institution capable of delivering enduring value to customers, employees, shareholders and all stakeholders.

Financial Performance (Standalone)

Income

(₹ in Crore)

Interest Income

FY 2024-25	26,365
FY 2025-26	27,695

Non-Interest Income

FY 2024-25	3,801
FY 2025-26	4,440

Total Income

FY 2024-25	30,167
FY 2025-26	32,136

During FY 2025-26, Your Bank reported total income of ₹32,136 Crore, registering a growth of 6.5% over ₹30,167 Crore in the previous year. Interest income increased to ₹27,695 Crore from ₹26,365 Crore, supported by healthy growth in advances and sustained business momentum. Non-interest income grew by 16.8% to ₹4,440 Crore from ₹3,801 Crore, reflecting strong performance across fee-based businesses, treasury operations and other non-fund income streams. Interest income accounted for 86.2% of total income during the year.

Interest/discount on advances and bills increased to ₹21,710 Crore from ₹21,017 Crore in FY 2024–25. Interest on investments rose to ₹4,770 Crore from ₹4,542 Crore, while interest on balances with RBI and inter-bank funds stood at ₹458 Crore compared with ₹443 Crore in the previous year. Other interest income increased to ₹757 Crore from ₹364 Crore.

Expenditure

(₹ in Crore)

Interest Paid

FY 2024-25	16,897
FY 2025-26	17,038

Operating Expenses

FY 2024-25	7,168
FY 2025-26	7,892

Total Expenses

FY 2024-25	24,065
FY 2025-26	24,930

During FY 2025-26, total expenditure increased to ₹24,930 Crore from ₹24,065 Crore in the previous year. Interest expended stood at ₹17,038 Crore compared with ₹16,897 Crore, reflecting growth in the deposit franchise and overall business expansion. Operating expenses increased to ₹7,892 Crore from ₹7,168 Crore, driven by investments in technology, branch expansion, digital capabilities, people initiatives and business growth.

Operating Performance

(₹ in Crore)

Net Profit



Particulars	FY 2024-25	FY 2025-26
Net Interest Income	9,468	10,657
Non-Interest Income	3,801	4,440
Net Total Income	**13,269**	**15,097**
Operating Expenses	7,168	7,892
Operating Profit	**6,101**	**7,206**

The Net Interest Income of Your Bank increased by 12.6% to ₹10,657 Crore during FY 2025-26 from ₹9,468 Crore in the previous year. Non-interest income grew by 16.8% to ₹4,440 Crore from ₹3,801 Crore. Consequently, Net Total Income increased by 13.8% to ₹15,097 Crore compared with ₹13,269 Crore in FY 2024–25. Operating Profit grew by 18.1% to ₹7,206 Crore from ₹6,101 Crore in the previous year, demonstrating strong operating leverage and business momentum.

Asset Quality Parameters

Gross & Net NPA

(%)

Gross NPA (%)



Net NPA (%)



Particulars	March 31, 2025	March 31, 2026
GNPA (₹ Crore)	4,376	4,335
NNPA (₹ Crore)	1,040	529
Provision Coverage Ratio (%)	75.37	87.07

Your Bank further strengthened its asset quality profile during FY 2025-26, with Gross NPA improving to 1.62% from 1.84% and Net NPA declining to 0.20% from 0.44%. Gross NPA stood at ₹4,335 Crore compared with ₹4,376 Crore a year ago, while Net NPA reduced significantly to ₹529 Crore from ₹1,040 Crore. Provision Coverage Ratio (excluding technical write-offs) improved substantially to 87.07% from 75.37%, reflecting the Bank's prudent provisioning approach and strong risk management framework.

Key Ratios

(in % unless otherwise stated)

Earnings Per Share (EPS) (₹)



Particulars	FY 2024-25	FY 2025-26
Return on Assets (ROA) (%)	1.23	1.15
Return on Equity (ROE) (%)	13.03	11.47
Cost to Income Ratio (%)	54.02	52.27
Net Interest Margin (NIM) (%)	3.13	3.24
Book Value Per Share (₹)	134.87	157.00
Credit Cost (bps)	38	73

Your Bank continued to deliver stable profitability and operational efficiency during FY 2025-26. Net Interest Margin expanded to 3.24% from 3.13%, supported by favourable asset mix, improving liability profile and disciplined balance sheet management. Cost-to-Income Ratio improved to 52.27% from 54.02%, reflecting enhanced operating efficiency. Earnings per share increased to ₹16.74 from ₹16.54, while Capital Adequacy Ratio strengthened to 17.25%, providing a robust capital base to support future growth.

Deposits

Total Deposits

(₹ in Crore)



Particulars	March 31, 2025	March 31, 2026	% Change
CASA + Other Demand Deposits	86,378	1,04,437	20.9%
Term Deposits	1,97,270	2,09,473	6.2%
Total Deposits	**2,83,647**	**3,13,909**	**10.7%**

Your Bank continued to maintain a strong and diversified deposit franchise during FY 2025-26. Total deposits increased by 10.7% YoY to ₹3,13,909 Crore from ₹2,83,647 Crore in the previous year, deepening customer relationships and enhancing liability franchise quality across retail and business segments.

Advances

Net Advances

(₹ in Crore)



Gross Advances

Particulars	March 31, 2025	March 31, 2026	% Change
Micro Advances	4,112	4,360	6.0%
Very High Yielding Advances (Total)	**4,112**	**4,360**	**6.0%**
Credit Cards	3,550	4,368	23.0%
Personal loans	3,789	3,782	-0.2%
High Yielding Advances (Total)	**7,339**	**8,150**	**11.1%**
Gold loans	30,505	38,401	25.9%
Commercial Banking	23,723	29,846	25.8%
Business Banking	18,963	20,196	6.5%
Auto loans	8,605	8,778	2.0%
Agri & Allied	8,208	8,448	2.9%
Loan Against Property	7,175	8,107	13.0%
CV/CE	4,644	5,797	24.8%
Other Medium Yielding Advances	2,264	1,561	-31.1%
Medium Yielding Advances (Total)	**1,04,087**	**1,21,134**	**16.4%**
Corporate and Institutional Banking	81,976	89,076	8.7%
Housing loans	36,617	36,128	-1.3%
Other Low Yielding Advances	7,334	7,393	0.8%
Low Yielding Advances (Total)	**1,25,927**	**1,32,597**	**5.3%**
IBPC/BRDS	-3,332	2,128	-
Gross Advances	**2,38,134**	**2,68,369**	**12.7%**

Your Bank's advances portfolio continued to grow in a balanced manner during FY 2025-26, supported by healthy traction across retail, commercial and business banking segments. Gross advances increased by 12.7% to ₹2,68,369 Crore from ₹2,38,134 Crore in the previous year. The Bank remained focused on portfolio diversification, risk-adjusted growth and maintaining a healthy mix across retail and wholesale segments.

Capital Management

(₹ in Crore)

Particulars	March 31, 2025	March 31, 2026
Common Equity Tier-1 Capital	31,593	36,814
Additional Tier-1 Capital	0	0
Total Tier-1 Capital	31,593	36,814
Tier-2 Capital	2,867	3,048
Common Equity Tier-1 Ratio (%)	15.04	15.93
Tier-1 Capital Ratio (%)	15.04	15.93
Tier-2 Capital Ratio (%)	1.36	1.32
Total Capital Ratio (%)	**16.40**	**17.25**

Your Bank maintained a strong capital position during FY 2025-26, with Total Capital Adequacy Ratio improving to 17.25% from 16.40% in the previous year.

Balance Sheet Parameters

(₹ in Crore)

Particulars	March 31, 2025	March 31, 2026	% Change
Liabilities			
Capital	491	493	0.3%
Share Warrants Subscription Money	-	1,549	NM
Reserves & Surplus	32,929	36,663	11.3%
Deposits	2,83,647	3,13,909	10.7%
Borrowings	23,726	21,159	(10.8%)
Other Liabilities & Provisions	8,210	13,748	67.4%
Total Liabilities	**3,49,005**	**3,87,521**	**11.0%**

(₹ in Crore)

Particulars	March 31, 2025	March 31, 2026	% Change
Assets			
Cash & Balances with RBI	20,354	15,566	(23.5%)
Balance with Banks & Money at Call and Short Notice	10,505	10,161	(3.3%)
Investments	66,246	76,676	15.7%
Advances	2,34,836	2,64,594	12.7%
Fixed Assets	1,478	1,473	(0.4%)
Other Assets	15,585	19,051	22.2%
Total Assets	**3,49,005**	**3,87,521**	**11.0%**

Your Bank's balance sheet expanded by 11.0% during FY 2025-26, with total assets increasing to ₹3,87,521 Crore as on March 31, 2026 from ₹3,49,005 Crore a year earlier. Growth was driven by a 12.7% increase in advances and a 10.7% rise in deposits, reflecting sustained business momentum. Investments increased by 15.7% to ₹76,676 Crore, while reserves and surplus grew by 11.3% to ₹36,663 Crore. The Bank maintained a strong and diversified funding profile, supported by a healthy deposit franchise, prudent capital management and adequate liquidity buffers.

Credit Monitoring & Asset Quality Management

Credit Monitoring

Credit Monitoring Department (CRMD) is instrumental in maintaining the health of the bank's credit portfolio. The core of the credit monitoring process involves identifying early signs of stress and initiating timely corrective actions.

Following the sanction and disbursement of credit facilities, the CRMD team continuously oversees the performance of the Bank's loan portfolio. Once exposures are onboarded into the system, the Department closely tracks a range of indicators related to account behaviour, including borrower conduct, transactional patterns, economic developments and market trends. This systematic monitoring enables early identification of potential stress, allowing the Bank to take prompt corrective action and mitigate potential losses.

To support this function, CRMD utilizes a combination of internally developed and externally sourced tools to collect and analyse data from both internal and external channels. In order to remain responsive in a rapidly evolving socio-economic landscape, CRMD increasingly leverages advanced data analytics, market intelligence and technology-driven solutions with the support of Data Analytics and Market Intelligence [DAMI] unit to strengthen its risk assessment, monitoring processes and early warning systems.

To have a focussed monitoring, the corporate borrowers are monitored by a separate team, CRMD Large Corporate and other portfolios are handled by CRMD -SME, Retail & Agri (SRA). During FY 2025-26, with a view to streamline processes, improve efficiencies and to ensure compliance with regulatory requirements in EWS monitoring, CRMD SRA moved to a centralised approach from the erstwhile geography wise monitoring structure. Separate verticals for monitoring of various portfolios were constituted, which are aligned to specific business segments, allowing for focused monitoring based on ticket size, industry characteristics and borrower profiles.

The improved segmentation of portfolios and increased use of data-driven insights to identify emerging borrower stress patterns have significantly improved the timeliness and accuracy of early warning detection, enabling more effective intervention strategies.

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 adherence to regulatory guidelines concerning maintenance of accounts / exposures by the borrowers. The department also confirms sufficiency and protection of underlying assets in loans and advances, irrespective of the borrower exposure, by regular tracking of non-compliances in other post sanction operational aspects.

The department also constantly reviews existing processes to identify process improvements and endeavours for digitisation of such processes to ensure an excellent turnaround time.

Asset Quality Management

Your Bank has been managing its NPA portfolio and continuously improving our collection and recovery architecture to improve the asset quality. By leveraging a suite of analytical tools, we're now able to predict both the propensity to default and the collection score of borrowers with greater accuracy. These analytics have directly enhanced our collection strategies, allowing us to act more proactively and efficiently. Another significant step forward has been the strengthening of our collection mechanism, from expanding our team's capacity to building stronger partnerships.

The enhanced use of digital tools and analytics has further elevated our position, placing us amongst one of the best in collection practices and efficiency. Our pre-due reach out methods, guided by analytics and risk segmentation, are particularly noteworthy. Additionally, the centralization of various recovery activities has paid off remarkably well, enabling us to recover dues from borrowers with even greater speed and effectiveness. These collective efforts not only bolster our asset quality but also reinforce our reputation for prudent and innovative collection practices.

As a result, your Bank's Gross NPA as a percentage of Gross Advances improved to 1.62% as on March 31, 2026, as against 1.84% on March 31, 2025. Net NPA as a percentage of Net Advances of your Bank improved to 0.20%. Your Bank continued to maintain adequate provision for NPAs with Provision Coverage Ratio (excluding TWO) improving to 87.07%.

Analytics & Data Science

The Data Science landscape has evolved rapidly in recent years, propelled by exponential growth in data volumes and the deep integration of AI & ML into enterprise decision-making processes. Organizations are increasingly leveraging advanced analytics as a strategic enabler to drive innovation, improve customer engagement and gain competitive edge. Emerging trends such as real-time and streaming analytics, Gen & Agentic AI, Augmented Analytics, Explainable AI (XAI) and cloud-native data platforms are fundamentally transforming how businesses operate, enabling faster, more intelligent and scalable decision-making.

Aligned with these industry advancements, the Data Science team of your Bank has made significant progress over the past year by successfully deploying more advanced machine learning models and AI-driven solutions. These initiatives have played a critical role in enhancing customer experience, improving operational efficiency and enabling data-driven cost optimization. The team has also developed state-of-the-art analytical frameworks, incorporating capabilities such as predictive modelling, next-best-action engines and advanced customer segmentation, while establishing a robust Centre of Excellence to ensure standardized, scalable and efficient delivery of analytics solutions.

Looking ahead, the Data Science team is well-positioned to drive the next phase of transformation by deepening its focus on AI and machine learning-led innovations. Key priorities include strengthening real-time decisioning capabilities, expanding cloud-native and data engineering ecosystems for enhanced scalability and resilience and leveraging advanced techniques such as Agentic AI, Graph Analytics and AutoML. The overarching objective is to build deeper customer relationships through hyper-personalization, next-best-customer strategies and intelligent engagement frameworks.

Furthermore, the Bank aims to unlock new value streams by expanding analytics-driven initiatives across business lines, with a focus on revenue enhancement, cost optimization and portfolio quality improvement. By continuously adopting cutting-edge technologies and best practices, the Data Science team will ensure that your Bank remains at the forefront of the Analytics and Data Science domain, driving sustained growth, innovation and strategic excellence.

Management Information Systems (MIS)

The MIS team 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 stakeholders, 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.).

The following key deliverables are planned for implementation during FY 2026–27:

1. **Migration of Reporting Platform and Compliance with DPRD Guidelines**

   Migration of the existing reporting platform to a new software solution, along with the implementation of DPRD guidelines across all data dissemination channels of the MIS Division. This includes MIS Connect tickets, Fed-Share file sharing, email-based distribution and CBS reports.

2. **Transition to Element-Based Reporting (EBR) for Regulatory Returns**

   Migration of regulatory return submissions from the existing CIMS framework to Element-Based Reporting (EBR), in line with RBI guidelines.

3. **Implementation of Software to Streamline MIS Operations, including:**

   Loan Data Correction for Large Borrowers: Implementation of a solution to improve data quality for regulatory return submissions related to large corporate borrowers.

   - **AI-Based SQL Generator:** Development and deployment of an AI-based SQL generation tool to standardize SQL queries for data extraction. The tool interprets user data requests and converts them into Oracle SQL by referencing the Enterprise Data Dictionary, leveraging AI techniques such as Natural Language Processing (NLP) and Retrieval-Augmented Generation (RAG).
   - **Implementation of ECL and EIR framework:** The MIS team has been included in the Steering Committee and the working group to drive the end-to-end implementation of the framework.

Segment-wise Performance

Corporate & Institutional Banking

The Corporate and Institutional Banking division provides a comprehensive suite of financial products and advisory services to large and 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.

During FY 2025-26, the Bank strengthened its focus on Mid-Market clients offering comprehensive financial products structured to it's financial needs and duly leveraging on our syndication and structured finance franchise capabilities, while deepening engagement with clients.

In FY 2025-26, the Bank significantly advanced its digital transformation, positioning digital platforms as a key enabler for client engagement, transaction growth and fee accretion. The Bank's flagship platform, FedOne, continued to witness strong adoption, supporting active corporate users, while emerging as a central hub for managing corporate transactions.

During the year, the Bank introduced a series of strategic enhancements to strengthen its digital payments and collections ecosystem. A key milestone was achieving the status of a SEBI-registered UPI ASBA Sponsor Bank, enabling participation in high-value capital market transactions. The Bank also launched a cloud-based UPI acquiring stack with UPI 2.0 capabilities, offering a comprehensive suite of solutions such as UPI Autopay, Intent, QR-based collections and API integrations for merchants across sectors.

These initiatives collectively reflect the Bank's strategic focus on building a digital-first, scalable and ecosystem-led transaction banking franchise, driving deeper client engagement, improved operational efficiency and sustained growth in fee-based income and liability balances.

During FY 2025-26, Corporate exposures increased to Rs. 95,367 Crore, registering a growth of 8% YoY. Asset quality continues to be robust with negligible 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

- The Bank's Supply Chain Finance (SCF) portfolio (including Factoring) witnessed strong momentum in FY 2025-26, with the portfolio reflecting a robust 27% YoY growth, highlighting a broad-based expansion across both traditional and structured supply chain solutions.
- A key highlight during the year was the significant acceleration in invoice-based financing, with the Purchase Invoice Discounting/ Sales Invoice Discounting. This underscores the Bank's increasing focus on granular, short-tenor and transaction-driven lending, aligned to evolving client working capital requirements.
- The Bank also expanded its OEM/anchor partnership ecosystem, with the addition of marquee names in FMCG and Steel sector under distributor financing programmes. These partnerships have enabled deeper penetration across diverse industry verticals including FMCG, auto, pharma, steel and paper/packaging, strengthening the Bank's presence across key supply chains.
- On the technology front, the Bank enhanced its digital capabilities through integration with IBDIC (Invoice Hub) for invoice verification and de-duplication, along with the creation of a dedicated digitised module for sales invoice discounting. These initiatives have improved operational efficiency, risk control and scalability of the SCF business.
- Overall, the SCF franchise continues to evolve as a key growth driver within Wholesale Banking, with a strong focus on ecosystem-led client acquisition, digital integration and transaction-driven revenue streams, positioning the Bank for sustained expansion in the supply chain financing space.

Achievements

During FY 2025-26, this business stepped up further with a closing advance position of Rs. 29,846 Crore, registering a growth of 26% YoY. Fee income grew by 28% to Rs. 219 Crore in FY 2025- 26 with continuous improvement in asset quality. The business maintains a diversified and a granular portfolio across various sectors and regions. This business strives to ensure it remains the "Bank of First Choice" for all its clients.

CV / CE Financing

The Commercial Vehicle and Construction Equipment (CV/CE) financing business of the Bank continues to grow at a very stable rate, supported by branch supported operations and dedicated relationship management. The CVCE sector continues to grow ably supported by Government's support on Infrastructure, roads, mining sector and construction activities. The sectors also got support by the urbanisation and logistics activity; however, FY 27 may witness moderate and uneven demand trends, influenced by current global geopolitical developments, operating cost pressures and evolving freight market conditions. During the year, Commercial vehicles grew by 11 % and hit a record 1 million units in Sales. Construction Equipment's Sales declined by 2% in Units.

The Bank pursued a measured, risk-aligned growth strategy, selectively strengthening its presence in identified segments while maintaining underwriting discipline and portfolio quality. The Bank has measuredly enhanced its focus on used CV/CE financing, while strengthening the valuation processes, tighter eligibility norms and enhanced risk assessment frameworks. This calibrated approach has enabled selective participation while ensuring portfolio stability.

At the end of Q4 FY 2025-26, the CV/CE portfolio AUM stood at ₹5,797 Crore, registering a 25% YoY growth over Q4 FY 2024-25 and an 8.5% sequential growth over Q3 FY 2025-26. During Q4 FY 2025-26, disbursements aggregated ₹962 Crore, representing a 24% YoY increase. For the full year, total disbursements exceeded ₹3,000 Crore, supported by demand across select CV and CE sub-segments.

The Bank continued to expand its customer footprint, with active customer accounts increasing by 27% YoY, from 24.7K accounts as at the end of FY 2024-25, 31.7K accounts as the end of FY 2025-26 with deeper penetration across geographies.

At the end of Q4 FY 2025-26, 82% of the CV/CE portfolio qualified as MSME advances, reaffirming the Bank's focus on supporting small enterprises and entrepreneurial activity across rural and semi-urban markets. Asset quality witnessed notable improvement during the year, with fresh NPA levels declining due to disciplined portfolio management and strengthened collection and recovery mechanisms.

The business continues to be supported by an experienced team across sourcing, credit appraisal, operations, collections and recovery, enabling disciplined execution and consistent service delivery.

Government & Institutional Business

Industry Structure and Key Developments

The Government and Institutional Banking segment in Bank plays a critical role in managing public funds, facilitating welfare disbursements and supporting developmental and infrastructure initiatives. The segment caters to Central and State Governments, Autonomous Bodies, Urban and Rural Local Bodies, Public Sector Undertakings, Trusts, Associations, Societies, cooperatives and Clubs (TASC), educational institutions, healthcare institutions and other government-owned or government-aided entities.

The industry continues to undergo a structural transformation driven by the Government's focus on digital public finance management, enhanced transparency and technology-enabled governance. Increased adoption of electronic collections and payments, digital treasury platforms, Direct Benefit Transfer (DBT) mechanisms, real-time reporting and automated reconciliation has redefined expectations from banks servicing this segment. Consequently, banks are required to provide secure, scalable and integrated digital solutions alongside traditional banking services, while ensuring high standards of compliance, system resilience and service reliability.

Business Overview and Performance

The Government & Institutional Business (GIB) Department focuses on delivering comprehensive banking and digital solutions to Government Departments and Institutional clients, contributing significantly to the Bank's CASA and Term Deposit mobilisation.

The Department is managed through dedicated Relationship Managers deployed across the country, supported by multiple touchpoints to canvass liability business arising from Central and State Government budgetary allocations as well as Local and State Government bodies such as Panchayats, Municipalities and Trusts, Associations, Societies and Clubs (TASC). Your Bank offers bespoke CASA products designed specifically to meet the operational, regulatory and reporting requirements of Government and Institutional entities.

In addition to liability mobilisation, the Department actively partners with Government Departments to digitise financial and operational workflows, enabling greater efficiency, transparency and last-mile connectivity. During the year, the Department recorded strong improvement in deposit quality, with Average GIB CASA growing by 45.53% YoY, while the CASA ratio improved significantly from 21.43% to 35.72%, underscoring the sustained focus on low-cost, transaction-led balances.

Key Highlights and Achievements of FY 2025-26

- RBI authorisation received for collection of Government receipts for the States of Maharashtra, West Bengal and Chhattisgarh, expanding the Bank's agency business footprint.
- Enabled DBT payments for Government Departments
- Live on the Tamil Nadu Government scheme distribution platform, supporting efficient and transparent fund disbursement.
- Went live for large-scale digital collections with automated reconciliation, covering taxes, dues, fees, fines and lease rentals for a major urban development authority, enhancing efficiency and transparency in municipal collections.
- Strategic engagement with a State Government in the North-East for two flagship women-centric entrepreneurship and livelihood schemes, resulting in significant Current Account mobilisation and meaningful contribution to profitability during the year.
- Live on Payment Gateway for GST collections
- Approval received for Payment Gateway integration with a leading national education examination body, further strengthening the Bank's digital collections and institutional payments ecosystem
- Permissions obtained for integration with ESIC and EPFO, expanding statutory collection capabilities.
- Completed migration to e-Kuber 2 across all agency arrangements and launched automated TOC calculation module, improving efficiency in claiming agency commission from RBI.
- Achieved go-live on key Government platforms, including Hybrid TSA module of PFMS and Khajane 2.0 (NTT) of Karnataka Treasury, enabling wider participation in Government schemes and treasury-linked business.
- Significant operational and digital initiatives, for Treasury Current Account, launch of a digital temple management solution, roll-out of a centralised agency commission dashboard and go-live of a proposal generation platform to improve efficiency and standardisation for Relationship Managers.

Way Forward

Going ahead, the Department will focus on onboarding top-notch Government and Institutional clients with high transaction potential to further strengthen the CASA portfolio and ensure a steady flow of fee-based income. Emphasis will be placed on leveraging the Bank's digital capabilities to facilitate seamless collections, payments and fund management, thereby reducing operational dependency on branches. These digital-led solutions will ensure efficient fund flows, enhanced control and transparency for clients and sustained engagement across the lifecycle of government funds.

This focused approach is expected to further consolidate the Bank's position as a preferred banking partner for Government and Institutional entities while delivering stable and sustainable growth.

High profile visits



Interaction with Cabinet Secretary (Highest-Ranking Civil Servant of India) Dr. T.V. Somanathan (IAS) on 14th January 2026



Discussion with Hon'ble Finance Minister Smt. Nirmala Sitharaman on 4th August 2025



Felicitated Hon'ble Vice-President Shri C.P. Radhakrishnan on 13th November 2025



Greeted Hon'ble Defense Minister Shri Rajnath Singh (senior most cabinet minister) on July 10, 2025 - on his birthday



ED Visiting Smt. T.C.A. Kalyani, Controller General of Accounts, Govt of India on November 27, 2025



Launching of Govt of Assam flagship schemes by Hon'ble Chief Minister of Assam Dr. Himanta Biswa Sarma

Business Banking

Business Banking continued to strengthen its position as a key medium-yielding portfolio, serving the financing requirements of Micro, Small and Medium Enterprises (MSMEs) through a comprehensive suite of working capital, term loan and cash management solutions. During FY 2025-26, the portfolio expanded to ₹20,196 Crore, registering a 6.5% YoY growth, reflecting the Bank's calibrated approach towards sustainable and risk-adjusted expansion.

The Bank maintained a disciplined growth strategy during the year, prioritising portfolio quality, pricing discipline and yield protection over accelerated volume growth. This prudent approach enabled the business to preserve asset quality while deepening relationships with existing customers and selectively acquiring new-to-Bank clients across high-potential MSME clusters.

To strengthen its MSME franchise, the Bank continued to enhance its product offerings with sector-specific and customised financing solutions designed to address diverse business requirements. Its focus on relationship-led banking, faster credit delivery and customer-centric service helped improve market penetration while supporting the evolving financing needs of enterprises across industries. The Bank also leveraged its branch network and specialised sales teams to expand customer reach and improve distribution efficiency.

Looking ahead, the Bank remains focused on scaling its Business Banking franchise through calibrated growth, enhanced digital capabilities and strengthened customer engagement. Backed by disciplined underwriting and a continued emphasis on portfolio quality, the business is well positioned to support India's growing MSME ecosystem while delivering sustainable and profitable growth.

Retail Banking

In fiscal year 2026, your Bank continued to strengthen its deposit franchise with focus on granular and sustainable liability growth. Hence retail deposit mobilization and reducing reliance on high-value deposits was its strategy. Total deposits grew by approximately 11% YoY, while CASA balances crossed the significant milestone of ₹1 Lakh Crore, registering a YoY growth of around 21%. The CASA ratio improved by 271 basis points to 32.94% YoY. The share of CASA and term deposits below ₹3 Crore improved from 81% in Q4 FY 2024-25 to 85% in Q4 FY 2025-26.

The Bank continued to maintain its strong presence in the Non-Resident business, with NR deposits crossing the significant milestone of ₹1 Lakh Crore during the year. The Bank also strengthened its reach across newer international corridors, with non-GCC markets outperforming GCC corridors in both acquisition momentum and balance growth.

During the year, the Bank enhanced its premium banking proposition through revamped Celesta and Imperio offerings for affluent and HNI customers. These propositions are designed to provide a more rewarding, personalized and seamless banking experience across priority customer segments.

The Bank also revamped its Current Account offerings to better meet the evolving needs of business customers. A digital Current Account onboarding platform was launched, enabling individuals and sole proprietors to open accounts end-to-end without branch intervention. These initiatives supported healthy growth in the Current Account portfolio, with balances increasing by around 23% YoY.

In fiscal year 2026, the Bank facilitated more than ₹2.75 Lakh Crore of cross-border inward remittances, registering a YoY growth of around 33%. The Bank further strengthened its global remittance network with 95 active partnerships, including four new partnerships added during the year. Key initiatives such as going live with the UPI Inward Remittance project in collaboration with NPCI and selection for the RBI's SFMS Global initiative further enhanced the Bank's cross-border remittance capabilities.

Retail Advances

The Bank's retail advances portfolio stood at ₹70,118 crore, reflecting a year-on-year growth of 1% and constituting 26.5% of the Bank's total advances. The retail book continued to demonstrate steady traction across key product segments, supported by a balanced portfolio mix and focused product-level interventions. Housing Loans and Retail Loans against Property continued to remain the principal components of the retail advances book, together accounting for around 60% of the portfolio. The Bank also witnessed an improved contribution from unsecured retail products, supporting margin enhancement while maintaining a calibrated approach to credit cost.

During the year, the Housing Loan portfolio stood at ₹36,128 crore, while the Retail LAP portfolio reached ₹8,107 crore, registering a growth of 13%. The Auto Loan portfolio grew by 2% to ₹8,778 crore. The Bank continued to sharpen product propositions, refine policies, and strengthen internal processes and digital capabilities with the objective of improving productivity, enhancing customer experience, and reducing cost of acquisition. Select digital initiatives across mortgage and auto loan journeys were reviewed and enhanced to improve process efficiency, turnaround time, and scalability, while ensuring better alignment with business requirements and frontline usability.

In Auto Loans, the Bank continued to strengthen digital processing capabilities with a focus on faster decisioning, streamlined documentation, and improved operational consistency across channels. These interventions are expected to support better customer experience and higher productivity while enabling the business to scale more efficiently.

The Bank also undertook policy and program refinements to strengthen sourcing in secured retail assets, with a particular focus on expanding the Loan Against Property opportunity. Key interventions included redefining LAP program parameters, broadening customer eligibility frameworks, and simplifying assessment approaches to support quality growth, improve customer engagement, and deepen relationships across targeted segments.

Credit & Debit Cards

The Credit Card and Debit Card businesses continue to be key drivers of revenue growth and market expansion for the Bank. With a diversified portfolio of products and reward offerings, the Bank caters effectively to varied customer segments and has strengthened its market position across both portfolios during FY 2025-26.

The Credit Card business recorded strong and sustained growth during the year, supported by focused customer acquisition, expansion of co-origination partnerships, and deeper penetration into the existing Savings Bank base. The portfolio spans premium, classic, and co-branded products tailored for young professionals, families, and HNI customers, offering differentiated value propositions such as cashback, travel benefits, and lifestyle privileges. Total spends in the Credit Card portfolio reached approximately ₹27,500 crore, with sourcing and spends nearly doubling over the previous year.

The Bank has built a best-in-class digital ecosystem, enabling seamless onboarding, instant issuance of virtual cards, dynamic pricing (APR), and differentiated rewards architecture. Credit cards are currently issued on secured and pre-approved basis for existing customers, while new-to-bank customers can complete the end-to-end onboarding journey through a fully digital, frictionless platform.

Looking ahead, the Bank is well-positioned for further growth with the rollout of new co-branded partnerships and strategic initiatives aimed at enhancing market share. Over the past two years, the Bank has scaled both organic and fintech-led sourcing channels. In line with evolving regulatory requirements, the Bank is strengthening its fintech engagement model through upgraded delivery architecture and enhanced control frameworks. The resumption of business with a key fintech partner further augments growth opportunities while ensuring full regulatory compliance and customer-centric delivery.

In the Debit Card portfolio, spends moderated marginally during the year, reflecting an industry-wide shift towards UPI-based transactions. However, the Bank outperformed the industry trend and retained its position as the 4th largest Private Sector Bank in terms of Debit Card spends. Continued focus on customer engagement, innovative reward structures, and superior service delivery has enabled the Bank to maintain strong relevance in the evolving payments landscape.

Personal Loan

The Personal Loan business is sourced through a combination of organic and fintech channels. Organic sourcing continues to be driven by the Bank's existing customer base, leveraging pre-approved offers, digital acquisition journeys and manual underwriting, contributing approximately 65% of total disbursements. Fintech partnerships have also emerged as a significant growth driver, accounting for 35% of overall sourcing and enabling access to new customer segments through seamless digital onboarding and real-time credit assessment. During FY'26, Organic Personal loan portfolio grew at 8% to Gross ENR 2,534 Cr. with 1,353 Cr. Disbursement. In FY'26, Total Personal loan portfolio stood at 3,782 Cr. with 1,875 Cr. Disbursement.

Portfolio growth continues to be guided by prudent underwriting standards, data-driven decision-making for pre-approved offers, and a strong risk management framework. The Bank leverages internal and external data sources, advanced scorecards, and continuous portfolio monitoring to maintain asset quality while expanding its presence across customer segments and geographies.

Looking ahead, the Bank remains well-positioned to accelerate growth in the Personal Loan business through enhanced digital capabilities, strategic partnerships, and targeted customer acquisition initiatives. Continued investments in analytics, process automation, and customer experience are expected to further strengthen market penetration while maintaining a balanced approach towards growth, profitability, and portfolio quality.

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.

Core agricultural advances of your Bank have registered a steady growth in FY 2025-26 by introducing new array of products to cater to the Agri processing and infrastructure requirements of Agriculture sector with an outstanding of Rs.8,448 Crore as on March 31, 2026. Your Bank continued its focus on priority sector lending overachieving the targets & sub 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 sustained its strong growth momentum in the gold loan segment during FY 2025–26, registering a robust YoY growth of 26% at an improved yield of 10.21%. This performance reflects the Bank's continued focus on strengthening its core business through enhanced customer engagement, operational efficiency and channel expansion.

During the year, several initiatives were undertaken to improve service delivery and streamline processes. Customer outreach and responsiveness were strengthened through dedicated engagement channels, while new product variants were introduced to address evolving customer needs with greater flexibility in repayment structures. Process enhancements aligned with regulatory guidelines have simplified key customer journeys, making them more seamless for both customers and branches.

Digital transformation remained a central theme, with increased focus on the digitalization of documentation and process workflows, leading to improved transparency, faster turnaround times and enhanced operational efficiency. The Bank also strengthened its partnership ecosystem by enabling deeper collaboration with external partners, thereby expanding its reach and supporting business growth across geographies.

Looking ahead, Your Bank remains committed to driving innovation and diversification in the gold loan segment. The focus will be on products catering to a broader range of income-generating activities, scaling the CLA model and leveraging emerging technologies such as AI to further enhance efficiency and customer experience.

Through its continued emphasis on innovation, process excellence and customer-centricity, Your Bank is well-positioned to further strengthen its leadership in the gold loan segment.

Inclusive Finance

Your Bank is committed to ensuring that financial services are delivered in an equitable and unbiased manner, with a focus on accessibility across all sections of society. The Bank has consistently demonstrated leadership in identifying emerging opportunities and leveraging digital technology and evolving trends to support sustainable and inclusive growth.

Aligned with the core principle of 'extending credit where credit is due', Your Bank continues to drive financial inclusion initiatives through both Branch and agency channels. These efforts have contributed to meaningful socio-economic impact, particularly among underserved segments.

Through a network of 38 Corporate Partners, including Business Correspondents (BCs) and co-lending partners, Your Bank has facilitated the sourcing and servicing of small-value loans through robust Loan Origination Systems (LOS) such as Fedmi, Mifix, FedMithra with a specific focus on informal segment of the society, especially women beneficiaries.

Your Bank has operationalised 'SAHAYOG', a comprehensive platform for sourcing Self Help Group (SHG) savings and loan accounts, enabling an end-to-end paperless journey. The platform supports biometric-based member onboarding, member-level data capture, Micro Credit Plan (MCP) processing and direct credit of loan proceeds to members, thereby ensuring efficiency and timeliness in credit delivery. By integrating Branches, Business Correspondents and SHG Promoting Institutions (SHPIs), Your Bank continues to strengthen its financial inclusion framework and expand outreach to underserved communities. During the financial year, Your Bank has facilitated credit linkage of 2,876 SHGs through this platform.

These initiatives together have enabled outreach to more than 18 Lakh beneficiaries across 23 States and 2 Union Territories, reflecting a 6% YoY growth, with an outstanding portfolio of ₹ 4,360 Crore.

Your Bank offers low-cost savings accounts under the Pradhan Mantri Jan Dhan Yojana (PMJDY), targeting underserved sections such as rural households, low-income groups, senior citizens and women including SHG members, with the objective of providing access to essential financial services, including savings, remittance, credit, insurance and pension, in an affordable manner. PMJDY accounts are zero-balance accounts with a RuPay debit card and include accidental insurance cover of ₹ 2 Lakh. As on March 31, 2026, the Bank has opened 8,50,595 accounts, with an aggregate balance of ₹ 491.14 Crore and an average balance of ₹ 4,774.07.

Your Bank also actively promotes Government-backed social security schemes, including Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Atal Pension Yojana (APY). PMSBY and PMJJBY provide affordable insurance coverage for accidents, disability and life risks, while APY supports pension coverage for individuals in the unorganised sector. Your Bank remains committed to extending these benefits to all segments of the society with a focussed emphasis on the underserved segments, including women, individuals in rural and hard-to-reach areas, low-income households etc and during the financial year 2025–26, fresh enrolments contracts under these schemes stands at 71715 (PMJJBY), 160211 (PMSBY) and 30005 (APY).

Financial Literacy through Rural Branches

Financial inclusion initiatives are complemented by Your Bank's continued focus on financial literacy, aimed at creating awareness on financial products, responsible borrowing and digital banking usage among underserved populations. Recognising financial literacy as a key enabler, Your Bank has embedded social commitment as a core operating philosophy.

During the financial year, 234 Rural Branches of Your Bank conducted 2,164 financial literacy camps, reaching 21,575 participants, thereby strengthening awareness and facilitating informed financial decision-making among target segments.

Treasury and International Operations

Treasury & Markets

Treasury manages the crucial functions of maintaining the statutory reserves as well as liquidity of the Bank under the 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. The 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 active hedging and cover operations for both proprietary/Balance Sheet positions and client portfolios to address 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, T-bill/Rupee Swaps, Currency Futures, Interest Rate Futures, Overnight Index Swaps, Non-Deliverable Forwards, Non-Deliverable Currency Options, Bond Forward Rate Agreements, Bond Forwards, 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. Your Bank also provides 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 the Bank and has robust risk management and monitoring capabilities. 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 closely with the coverage team to deliver tailored risk management solutions. The team comprises dedicated relationship managers catering to diverse customer segments, including Branch and Business Banking, Commercial Banking and Corporate & Institutional Banking Group clients. Together, they support a wide client base in effectively hedging risks arising from foreign exchange and interest rate exposures.

The Bank has also initiated the onboarding forex customers onto a centralized digital platform, enabling them to directly book rates in the market, thereby enhancing efficiency and transparency.

With a strong focus on best-in-class service delivery, customized solutions and optimal use of technology, the Bank has established itself as a preferred partner across client segments. Its core strength lies in providing structured risk management solutions, expert hedging advisory and seamless execution capabilities, making it a trusted Treasury solutions provider for clients.

The Interbank Desk caters to nearly one-fifth of the country's personal inward remittances and continues to be a significant participant in the Interbank market. During FY 2025-26, the Bank recorded its highest-ever cross-border remittance inflows. This strong performance has been further supported by the strategic use of data analytics to gain deeper insights into customer business, enabling the Bank to effectively enhance its forex business across the branch network.

The Financial Institutional Sales team handles discussions with institutional clients such as banks, insurance companies, mutual fund companies, alternate investment funds (AIFs) and other similar organizations to build broader engagement and explore 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 is a member of the Managing Committee of FEDAI and a 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
  - Empanelment as Registered Distributor for Capital Market Product and Services

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. Your Bank has received approval in FY 2025-26 to act as Registered Distributor to distribute capital market products and services across IFSC, India and foreign jurisdictions to various investors. With this enabler in place, your Bank can now refer clients to GIFT City based service providers (e.g., mutual funds, AIFs, PMS) under distribution partnerships for distribution of Capital marker products and services. 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.

Fee-Based and Distribution Businesses

Wealth & Bancassurance

The Bank provides a wide range of insurance solutions, including life, health and general insurance, aimed at protecting customers against financial uncertainties and ensuring their long-term financial security. Strengthening Product Per Customer (PPC) remains a key focus, supported by delivering suitable products through multiple channels such as branch banking, digital platforms and telesales.

Bancassurance demonstrated strong YoY growth of 67% to reach 389.33 Crore, largely driven by exceptional performance in the life insurance segment. Fee income from life insurance rose by 80% YoY

to reach 339.66 Crore, supported by increased retail penetration, stronger branch-led sales conversions and a continued emphasis on protection and long-term savings solutions.

Meanwhile, non-life insurance fee income grew by 13% YoY to reach 49.67 Cr, supported by steady demand for health, motor and other protection-oriented products tailored to customer needs

FY 2025-26 has been a landmark year for Federal Bank's Wealth Management business, marking a significant strategic transformation. The Bank established a dedicated Wealth Management vertical, restructuring its longstanding referral arrangement with EWPL and setting up a new department with robust operational frameworks. Highly skilled professionals were recruited to drive this initiative, resulting in a more specialised and customer-centric approach. To further strengthen its offerings, the Bank launched a state-of-the-art technology platform, enhancing digital capabilities and expanding wealth products for Mass Affluent customers. In the initial phase, a comprehensive suite of products—including Mutual Funds (MFs), Portfolio Management Services (PMS) and Alternative Investment Funds (AIFs)—was introduced for Affluent customers. Looking ahead, the Bank is poised to launch its Gift-city offering for NRIs and LRS customers, broadening its reach.

While preparing to launch its Wealth business, the Bank's partnership with Equirus Wealth Pvt Ltd (EWPL) saw AUM under referral grow 16% YoY to over ₹7,200 Crore as of 31/03/2026. The number of active customers availing Wealth Management Services (WMS) under the EWPL arrangement reached 37,315, registering a YoY growth of 24% as on March 31, 2026. Additionally, the Bank managed ₹683 Crore of Mutual Funds AUM under its own ARN as of the same date. Total fee income earned under WMS stood at ₹34.80 Crore, demonstrating a strong YoY growth of 32%. These achievements underscore the Bank's commitment to delivering superior wealth management solutions and driving sustained growth in this sector.

Digital, Technology and Innovation

Digital Banking Transformation

Digital transformation continues to be the defining strategic pillar of your Bank and FY 2025-26 stands as a landmark year of measurable impact, ecosystem leadership and breakthrough innovation. Driven by a relentless pursuit of superior customer experiences and a commitment to making banking more accessible, intuitive and secure for every customer, your Bank recorded a digital transaction share of 93.91% during the year — surpassing the 92% achieved in the previous fiscal. The overall mobile banking monthly transaction volume crossed ₹33,275 Crore for FY 2025-26, with the flagship retail platform FedMobile contributing ₹20,704 Crore and the corporate banking platform FedCorp contributing ₹12,570 Crore — together reflecting the remarkable depth of digital adoption across retail and corporate customer segments alike.

In order to deliver personalized, contextual and real-time financial services, your Bank continues to harness the transformative power of next-generation technologies, including Artificial Intelligence, Machine Learning, Generative AI and Agentic AI. Your Bank remains steadfast in its commitment to building user-friendly, frictionless, secure and engaging digital experiences seamlessly across all channels and touchpoints.

Your Bank's comprehensive digital ecosystem — anchored by FedMobile, FedCorp, FedNet and the AI-powered virtual assistant Feddy — continued its strong upward trajectory throughout FY 2025-26. Each platform received meaningful capability enhancements, with deliberate emphasis on customer experience improvements, product depth and ecosystem interoperability — firmly cementing your Bank's position as one of India's most forward-thinking digital banking institutions.

The FedMobile application reached a significant milestone in FY 2025-26, recording highest number of Monthly Active Users and monthly transacting users. The platform's app rating improved from 4.4 stars to 4.6 stars on Android and from 3.6 stars to 4.6 stars on iOS — a best-in-class standard within the Indian banking industry — reflecting the sustained focus on customer experience and platform quality that has come to define your Bank's digital strategy.

Federal Bank continued its digital leadership journey in FY 2025-26, achieving strong and consistent growth across all key digital metrics. Through sustained product innovation and disciplined execution, your Bank not only met but significantly exceeded several critical digital targets, while simultaneously establishing a series of industry and ecosystem firsts that have elevated its national standing among regulators, industry bodies and customers alike.

Feddy, your Bank's AI-powered virtual assistant, delivered a transformative year in FY 2025-26. Monthly query volumes crossed the 4-Lakh milestone for the first time, reaching 4.05 Lakh queries in March 2026, An overall AI query resolution rate of 93% was achieved for eligible queries. Feddy has significantly reducing dependency on the Bank's contact center - call volumes are stagnant since Feddy was introduced, enabling customers to resolve their banking needs faster and more conveniently than ever before.

CBDC (e₹) Pilot

85K

Active Users

CBDC adoption witnessed robust growth, with CBDC-BBPS integration made live and the Android application achieving a 4.9-star rating on the Play Store.

During FY 2025-26, your Bank has launched the following Digital initiatives:

FedMobile Enhancements:

During the year, your Bank's flagship mobile banking platform, FedMobile, underwent comprehensive enhancements — introducing a wide suite of new capabilities, a significantly improved user experience and elevated security protocols. A broad range of new product journeys were introduced and made available to customers during the year, including RuPay Credit Cards, Personal Loans, Bharat Bill Payment System (BBPS), the In-House Investment Channel (IIC) for mutual funds, the National Pension System (NPS), Pravasi Insurance, BYOM Loans, NRO Account Opening, AFLIC Life Insurance, Auto Bill Payments & Bill Reminder Functionalities. Two landmark modules were introduced during the year: the Unified Credit Card Module, which consolidates all our credit card services into a single, frictionless, SSO-integrated customer journey; and the In-House Investment Channel, which enables end-to-end mutual fund investments directly within FedMobile under your Bank's own AMFI Registration Number.

Customer experience improvements during the year included the integration of an International Virtual Mobile Number (VMN) — which delivered a significant improvement in GCC customer authentication success rates — the integration of the ReKYC portal for seamless KYC renewal and the implementation of Single Sign-On (SSO) capability across key service journeys. These enhancements collectively delivered a materially superior and more secure banking experience to millions of customers transacting through FedMobile.

In-House Investment Channel (IIC) — New Revenue Engine:

The launch of the In-House Investment Channel (IIC) in December 2025 represents one of the most strategically significant milestones of FY 2025-26 for your Bank's digital offerings. By operating under the Bank's own AMFI Registration Number (ARN), IIC enables customers to invest in mutual funds — through both Systematic Investment Plans and lump-sum transactions — entirely within the FedMobile application, without any redirection to external platforms. This integration ensures a seamless, end-to-end investment experience that is fully embedded within the customer's existing banking relationship with your Bank.

The channel has demonstrated strong early adoption, reflecting the growing appetite among your Bank's customers for integrated, convenient wealth management solutions within their mobile banking experience.

Unified Credit Card Module & Card Journey Execution:

Your Bank significantly strengthened its credit card digital ecosystem during FY 2025-26 through the introduction of a Unified Credit Card Module on FedMobile. This module consolidates all credit card services — encompassing balance enquiry, statement access, payment processing, limit management, EMI conversion, rewards redemption and card activation workflows — into a single, seamlessly integrated journey with SSO support. The simplified, frictionless design has materially enhanced the end-to-end credit card experience for customers.

Feddy:

Feddy, your Bank's AI-powered virtual assistant, is designed to serve customers round-the-clock across WhatsApp, the Bank's website and other digital touchpoints — enabling financial transactions, conversational banking, bill payments, fund transfers and comprehensive query resolution through an intuitive, human-like interface. In FY 2025-26, Feddy was elevated to a significantly higher level of capability, intelligence and reach within your Bank's digital architecture.

A major advancement during the year was the activation of Feddy's Next Best Conversation (NBC) and Next Best Offer (NBO) capabilities. These AI-driven features enable Feddy to proactively recommend relevant products and services to customers based on behavioral signals and contextual data. Your Bank's Generative AI roadmap has been defined and it will drive the next phase of Feddy's evolution, enabling even more sophisticated, contextually aware and multi-modal interactions in the coming year.

Feddy is available in 14 Indian languages, with Voice Note support on WhatsApp enabling customers to interact naturally through spoken messages in their preferred language — further advancing your Bank's commitment to linguistic inclusivity and accessible banking for every segment of the population.

FX Retail — NPCI BharatConnect (Industry First):

In a landmark achievement for your Bank and the nation's foreign exchange digital payment infrastructure, Federal Bank became one of the first banks in India to go live on NPCI Bharat Connect's FX Retail platform, on both the Bank of Utility (BoU) and Customer of Utility (CoU) sides. This initiative, undertaken under the mandate of NBBL with oversight from the Reserve Bank of India, was accomplished in a remarkably short period. This achievement places Federal Bank at the forefront of India's cross-border digital payment evolution and reflects your Bank's agility, technical capability and deepening regulatory partnerships.

FedCorp:

FedCorp, your Bank's corporate mobile banking platform, delivered an outstanding growth story in FY 2025-26, catalyzed by a complete platform revamp launched in April 2025 that drove a step-change in usability, feature depth and user adoption. Monthly transaction volume surged by 91.2% YoY and the active user base expanded by 64%

IBMB Interoperability — Internet & Mobile Banking Multi-Bank Platform:

Your Bank achieved another significant ecosystem milestone during FY 2025-26 by going live as an issuer on NBBL's Internet and Mobile Banking Multi-Bank (IBMB) interoperability platform. Federal Bank is one of only five banks nationally to be live on this platform- enabling seamless e-commerce and digital banking transactions for customers across internet and mobile banking channels. The capability was officially launched by the Governor of the Reserve Bank of India at the Global Fintech Fest 2025, marking a moment of distinguished public recognition for your Bank's commitment to digital innovation.

UPI and IMPS:

UPI has continued to be a defining growth engine for your Bank and FY 2025-26 was a year of record-setting performance across every dimension. Several significant UPI feature advancements were accomplished during the year, including UPI Biometric Authentication and UPI PIN Set/Reset through UIDAI's Face Authentication — both launched at the Global Fintech Fest 2025. These capabilities further enhance the security, convenience and reach of UPI-based banking for your Bank's customers.

The Immediate Payment Service (IMPS) channel also delivered strong results in FY 2025-26 Your Bank was recognized as a Top 2 Remitter Bank for Last-Mile Inward Remittance by NPCI, with an approximately 30% market share in last-mile inward remittance.

CBDC:

Your Bank joined the CBDC ecosystem in Dec 2022 and has since emerged as one of the most active and capable participants in this transformative initiative. In FY 2025-26, CBDC adoption on your Bank's platform witnessed robust growth in transaction volumes YoY, reflecting both deepening customer engagement and the broadening of use cases supported on the platform.

During the year, your Bank successfully completed the UTXO architecture migration mandated by the Reserve Bank of India — executed by a dedicated in-house team within record timelines. CBDC-BBPS integration was made live, enabling customers to use their CBDC wallets for bill payment services. The CBDC application achieved a 4.9-star rating on the Play Store.

NETC / FASTag:

Your Bank's FASTag and National Electronic Toll Collection (NETC) operations recorded outstanding performance in FY 2025-26, earning national recognition for service quality. Your Bank secured the #1 rank in the NPCI NPS Ranking for NETC in July 2025, reflecting the tangible impact of customer experience investments. The Multi-Lane Free Flow (MLFF) project was delivered on time and duly certified by NPCI during the year — positioning your Bank at the vanguard of next-generation tolling infrastructure in India.

Merchant Acquiring — Retail & Government Business:

Your Bank continued to drive strategic improvements across its merchant acquiring operations during FY 2025-26, with particular emphasis on partnership expansion and bespoke solutions delivery. During the year, Various new government and institutional partnerships were concluded, including the marquee ones.

Gold Loan Digital LOS (GL 2.5 / GL Bridge):

Your Bank delivered the Gold Loan Origination System (LOS) — codenamed GL 2.5 / GL Bridge — in just 2.5 months, ahead of the regulatory deadline. Built entirely in-house, this platform completely transformed the Gold Loan documentation and document execution process by enabling end-to-end digital documentation. All executed customer documents are now digitally stored, eliminating the need for physical storage and significantly improving operational efficiency, document accessibility, security, turnaround time and paper saving.

Platform & Product Transformation Programmes:

FY 2025-26 marked a year of bold, structured transformation across your Bank's core digital platforms, with every major programme milestone delivered strictly within committed timelines — a record that reflects the maturity, discipline and execution rigor of your Bank's Digital Centre of Excellence. These included the Omnichannel Platform (Unitus), Unified Loan Origination System (Primus) and the Unified Account Opening (Novus)

Deflect to Digital (Project Udaan):

Project Udaan represents your Bank's structured programme to accelerate digital adoption at the branch level. In Phase 1,100 branches were equipped with trained digital apprentices empowered to assist customers with passbook printing, cash deposits and withdrawals, account opening and KYC — all facilitated through digital channels. Phase 2, covering additional branches, is planned for the coming year, further deepening your Bank's commitment to making digital banking accessible and intuitive for every customer.

Fintech Partnerships

The Indian fintech industry during FY 2025-26 continued to evolve into a highly integrated, multi-layered ecosystem anchored by strong digital public infrastructure, progressive regulation and rapid technological innovation. At its core lies India's Digital Public Infrastructure—including UPI, Aadhaar and the Account Aggregator framework—which has enabled seamless interoperability, low-cost customer onboarding and data-driven innovation across financial services. The industry operates through a collaborative structure where banks providing regulatory and capital support, alongside fintech firms driving customer acquisition, digital interfaces and product innovation across payments, lending and wealth management, segments. This structure has fostered a partnership-led operating model, with increasing adoption of co-lending, embedded finance and platform-based distribution strategies.

Your Bank's Strategy on FinTech Partnerships

Your Bank continues to view FinTech entities as strategic collaborators rather than competitors, recognizing their role in accelerating innovation, enhancing agility and expanding market reach. FinTech partners bring specialized technological capabilities, rapid product development cycles and deep customer insights, which, when combined with the Bank's scale, strong regulatory framework and established customer trust, enable the delivery of differentiated and customer-centric financial solutions. As a result, your Bank has positioned itself as a preferred partner for FinTech collaborations across the country.

These partnerships are aligned with your Bank's dual strategic objectives of expanding the distribution footprint of its products and services while simultaneously integrating advanced technological capabilities to enhance customer experience and engagement. Your Bank leverages such collaborations to access new customer segments, particularly in digitally underserved geographies where physical presence may be limited, thereby supporting the acquisition of new-to-bank customers.

Way Forward

Building on the strong momentum witnessed in credit card sourcing through FinTech partnerships and the growing traction in the digital personal loan segment, the Bank is well-positioned to sustain and further accelerate its partnership-led growth trajectory in FY 2026–27. The Bank has developed a robust pipeline of new FinTech collaborations, which are expected to be live in the upcoming financial year. These initiatives are expected to play a key role in driving incremental customer acquisition, deepening digital engagement and further strengthening the Bank's digital product suite, thereby supporting its broader strategic objective of expanding its presence in the digital financial ecosystem.

Information Technology

Technology continues to be a key enabler of Your Bank's operational excellence, risk management and business transformation initiatives. During FY 2025-26, Your Bank continued to strengthen its technology landscape through investments in platform modernisation, automation, cyber security, analytics and infrastructure resilience. These initiatives were aimed at improving operational efficiency, enhancing system scalability and supporting the Bank's evolving business and regulatory requirements.

Major Projects Completed in FY 2025-26

CRISIL ICON – Credit Risk Platform

Your Bank continued to leverage CRISIL ICON, an integrated digital credit risk platform that enables unified management of rating models, scorecards and credit workflows. The platform has strengthened credit assessment capabilities, improved governance and enhanced efficiency in credit decision-making processes.

API Gateway Modernisation

As part of the Bank's API-first architecture strategy, the API Gateway platform was enhanced to provide secure, standardised and scalable integrations across internal applications and external ecosystems. The initiative has reduced integration complexity, improved governance and accelerated deployment of technology solutions.

Fraud Risk Management Platform Enhancement

Your Bank strengthened its fraud monitoring capabilities through enhancements to the Fraud Risk Management (FRM) ecosystem. Advanced monitoring and analytics capabilities have improved real-time transaction surveillance, fraud detection and risk mitigation across multiple banking channels.

Proactive Risk Manager (PRM) Upgrade

The Bank upgraded its Proactive Risk Manager (PRM) platform to strengthen behavioural monitoring, non-financial transaction surveillance and fraud prevention capabilities. The upgraded platform supports improved risk identification and enhanced monitoring efficiency.

Compliance Management System

A centralised Compliance Management System was implemented to streamline compliance tracking, regulatory monitoring and reporting processes. The platform has improved visibility, governance and operational efficiency across compliance functions.

Asset Liability Management (ALM) Automation

Your Bank enhanced its ALM framework through automation of monitoring and reporting processes. The solution enables efficient consolidation of data from multiple sources and supports timely regulatory and management reporting.

Hardware Security Module (HSM) Integration

The Bank strengthened its information security infrastructure through Hardware Security Module (HSM) integration, enabling secure encryption key management and enhanced protection of sensitive payment and authentication processes.

Enterprise Backup and Resilience Framework

Your Bank continued to strengthen business continuity and disaster recovery capabilities through enhanced backup infrastructure, immutable storage mechanisms and improved recovery processes, supporting operational resilience and regulatory compliance.

Cyber Security and Infrastructure Security Initiatives

During the year, Your Bank further enhanced its cyber security posture through expanded vulnerability assessment and penetration testing coverage, strengthened monitoring capabilities, security automation initiatives, breach simulation exercises and improved threat detection mechanisms. These initiatives continue to support a secure, resilient and compliant technology environment.

Additional information on the Bank's Digital & IT Initiatives is provided on Page 66 of the Integrated Annual Report.

Customer Experience and Service Quality

Your Bank remains committed to delivering superior customer experiences through a customer-centric approach anchored in service excellence, accessibility and trust. During FY 2025-26, the Bank continued to strengthen its service delivery framework through process transformation, technology-enabled enhancements and structured customer engagement initiatives. More than 100 process improvements were implemented across customer touchpoints during the year, helping reduce friction, improve turnaround times and enhance overall service efficiency. Strengthened contact centre capacity, upgraded self-service platforms and continuous improvements across branch and digital channels further supported a seamless and responsive banking experience.

Customer feedback continued to play a central role in shaping service improvements. The Bank expanded Net Promoter Score (NPS) measurement across additional customer touchpoints, including branches, contact centres and digital journeys, enabling deeper insights into customer expectations and experience quality. Feedback mechanisms across products, services and customer interactions are systematically reviewed and leveraged to refine processes, improve responsiveness and enhance customer satisfaction. A robust customer grievance redressal framework, supported by periodic reviews at multiple governance levels, continues to strengthen service quality, transparency and customer protection across the organisation.

Your Bank also continued to strengthen customer trust through proactive awareness initiatives on cyber security, fraud prevention and safe digital banking practices. In addition, focused efforts

towards accessibility and inclusive banking are helping ensure a convenient and dignified banking experience for all customer segments. Going forward, Your Bank will continue to leverage data analytics, artificial intelligence and customer insights to further personalise experiences, strengthen customer engagement and deliver consistent service excellence across all channels.

Marketing

FY 2025-26 marked an important phase in Your Bank's brand evolution as it continued to strengthen customer engagement under the 'Rishta' philosophy and the 3S framework of Segment, Scale and Sustain. These guiding principles remained central to the Bank's efforts to build deeper customer relationships, enhance brand relevance and deliver more personalised experiences across customer segments.

During the year, Your Bank strengthened its brand identity through the rollout of its refreshed positioning, 'Familiar, Yet Fresh™', aimed at creating a more contemporary, consistent and distinctive customer experience across physical and digital touchpoints. The continued association with brand ambassador Vidya Balan further reinforced the Bank's 'Human at the Core' philosophy, helping strengthen emotional connect and brand relatability across diverse customer segments. Leveraging data analytics, customer insights and artificial intelligence-enabled marketing capabilities, the Bank enhanced campaign effectiveness, accelerated content development and improved customer engagement through more relevant and timely communication.

Your Bank also expanded its focus on regional and vernacular marketing initiatives to deepen customer connect across geographies while maintaining a consistent brand identity. At the same time, digital trust campaigns and cyber security awareness initiatives continued to support responsible banking and strengthen customer confidence in an increasingly digital environment. Through a combination of meaningful storytelling, digital innovation, community engagement and customer-centric communication, Your Bank continues to strengthen its brand equity and build enduring relationships with customers across markets.

Additional information on the Bank's marketing initiatives is provided on Page 24 of the Integrated Annual Report.

Risk Management

The risk management philosophy of Your Bank is to take risk by choice rather than by chance. Your Bank continues to focus on building a resilient and sustainable franchise through a disciplined approach to risk identification, assessment, monitoring and mitigation. Given the inherent nature of banking operations, Your Bank is exposed to various risks including credit risk, market risk, liquidity risk, information and cyber security risk and operational risk. To effectively manage these risks, Your Bank has established a comprehensive risk management framework comprising robust policies, governance structures, monitoring mechanisms and control systems.

During FY 2025-26, Your Bank further strengthened its risk management capabilities through enhanced analytics-driven monitoring and improved early warning frameworks. The Early Warning Signals (EWS) framework was reviewed and strengthened to support proactive identification and mitigation of emerging credit risks. In addition, the Bank established the Data Analytics and Market Intelligence (DAMI) unit to leverage advanced analytics, market intelligence and technology-enabled solutions for strengthening risk assessment, portfolio monitoring and decision-making processes. The Bank also transitioned to a centralised monitoring approach and created specialised portfolio-based monitoring verticals to improve efficiency, regulatory compliance and focused risk oversight across business segments.

- The Board of Directors oversees and approves the risk policies and strategies to establish an integrated risk management framework and control environment across Your Bank.
- The Risk Management Committee of the Board (RMCB) oversees the management of various risks associated with business activities, systems and processes.
- Executive-level committees ensure the effective implementation of risk management policies and risk governance practices across the organisation.
- The Integrated Risk Management Department, headed by the Chief Risk Officer, coordinates risk management activities and ensures alignment with the Bank's risk appetite framework.
- An independent risk governance structure ensures the segregation of risk measurement, monitoring and control functions, thereby strengthening risk oversight and accountability.

The risk management framework is reviewed and upgraded on an ongoing basis in line with regulatory requirements, evolving market conditions and emerging industry best practices. Through disciplined risk management, analytics-led monitoring and a strong governance framework, Your Bank remains focused on maintaining asset quality, strengthening resilience and supporting sustainable long-term growth.

Additional information on key risks and mitigation strategies is provided on Page 48 of the Integrated Annual Report.

Human Resources

Your Bank's human capital remains a key enabler of its strategic priorities, transformation agenda and long-term value creation. As on March 31, 2026, Your Bank employed 17,681 individuals, with a gender ratio of 58:42, reflecting its continued commitment to building a diverse, equitable and inclusive workplace. The Bank's people strategy is anchored in continuous learning, leadership development, employee wellbeing and the digitisation of people processes, enabling employees to adapt to evolving business requirements while building long-term careers within the organisation.

Recognising that organisational transformation is driven by people, Your Bank continued to invest significantly in capability building during the year. Training coverage across the organisation stood at 91.8%, with employees receiving an average of 45.87 training hours during the year. The Bank delivered over 7.32 Lakh person-hours of training and facilitated more than 5.41 Lakh hours of employee reskilling and digital learning initiatives. These efforts were supported by an investment of ₹14.09 Crore towards employee training, skill upgradation and development, reinforcing the Bank's commitment to building a future-ready workforce.

17,681
Employees

58:42
Gender Ratio

Employee and Worker Relation Management System

Your Bank continues to maintain a constructive employee and worker relations framework founded on mutual respect, open communication and collaborative engagement. As on March 31, 2026, 15,012 employees, representing 84.9% of the workforce, were covered under collective bargaining arrangements. Through structured engagement mechanisms, periodic interactions with employee representatives and a culture of transparency, Your Bank continues to promote a harmonious and inclusive work environment that supports employee wellbeing, organisational effectiveness and sustainable growth.

Additional information on the Bank's human resource practices is provided on Page 76 of the Integrated Annual Report.

Corporate Social Responsibility

The Corporate Social Responsibility (CSR) initiatives of Your Bank are guided by a commitment to creating sustainable and inclusive impact across communities. Implemented through the Federal Bank Hormis Memorial Foundation (FBHMF), the Bank's CSR programmes focus on key areas such as education, healthcare, livelihood enhancement, women empowerment and environmental sustainability. During FY 2025-26, Your Bank further strengthened its impact-led CSR approach through scalable flagship programmes, expanded geographic outreach and targeted interventions aligned with community needs.

With a CSR allocation of ₹93.49 Crore and utilisation of ₹75.33 Crore during the year, Your Bank continued to invest in initiatives that create meaningful and measurable social outcomes. Through programmes such as Federal Skill Academies, Sanjeevani, scholarship initiatives and community development projects, the Bank reached over 1,01,295 direct beneficiaries, while large-scale awareness and outreach programmes extended its impact to an estimated 11.04 Crore indirect beneficiaries across the country.

₹93.49 Cr
CSR Allocation

1,01,295
Direct Beneficiaries

Additional information on the Bank's CSR initiatives and impact stories is provided on Page 105 of the Integrated Annual Report.

Subsidiaries And Associates

Your Bank's subsidiaries and associate companies continue to play an important role in strengthening its diversified financial services ecosystem and enhancing customer value propositions across operations, lending, insurance and financial services. During FY 2025-26, these entities continued to support the Bank's growth strategy through business expansion, operational excellence, technology-led innovation and customer-centric initiatives.

Federal Operations & Services Limited (Fedserv)

Federal Operations & Services Limited (FedServ), a wholly-owned subsidiary of Your Bank, continued to strengthen its position as the Bank's integrated operations and technology partner during FY 2025-26. Since its inception in 2018, FedServ has evolved from an efficiency-led centralisation initiative into a capability-driven strategic partner supporting the Bank's operational excellence, technology transformation and customer experience agenda.

During the year, FedServ further expanded its scale and capabilities, managing 232 activities across 88 banking processes under 12 RBI-approved categories. Your Company supported over 200 critical processes while maintaining KPI adherence levels exceeding 95%, reinforcing its role as the Bank's centralised operations backbone. Through process standardisation, automation, governance enhancements and business process transformation initiatives, FedServ continued to improve operational efficiency, turnaround times and service quality across the organisation.

Key FY 2025-26 Highlights

232
Activities Managed

88
Bank Processes Supported

200+
Critical Processes Managed

95%+
KPI Adherence

6.92 Lakh
Account Openings Processed

₹373.93 Crore
Personal Loan Sourcing

₹1,228 Crore
Gold Loan Telesales

₹586 Crore
CASA Deposits Sourced

35,235
Credit Cards Issued

2.15 Lakh
Credit Cards Sold

₹265 Crore
Personal Loans Sourced by Credit Card Team

Financial Performance

(₹ in Crore)

Particulars	FY 2024-25	FY 2025-26
Revenue from Operations	102.86	133.62
Total Income	105.13	135.03
Profit Before Tax	8.92	12.30
Net Worth	33.67	39.44

FedServ delivered strong financial growth during FY 2025-26, with revenue from operations increasing by 29.9% to ₹133.62 Crore and total income rising by 28.4% to ₹135.03 Crore. Net worth increased to ₹39.44 Crore from ₹33.67 Crore in the previous year, reflecting continued strengthening of your Company's financial position.

Operational Excellence and Process Transformation

FedServ continued to play a pivotal role in enhancing the Bank's operational efficiency through centralisation, standardisation and automation. Your Company delivered measurable improvements in turnaround times and process accuracy during the year.

(₹ in Crore)

Process Improvement Indicator	FY 2024-25	FY 2025-26
Completions within 4 Hours	33%	49%
Delays Beyond 48 Hours	36%	10%
Checker-to-Maker Rejections	16%	8%

Key initiatives undertaken during the year included:

- Project Optima to improve account-opening efficiency and monitoring
- Deployment of Robotic Process Automation (RPA) across select operational processes
- Strengthening of Document Management Systems (DMS) and workflow digitisation
- Establishment of a dedicated Business Process Transformation (BPT) function leveraging Six Sigma methodologies
- Enhanced training, certification and capability-building frameworks to improve process quality and consistency

These initiatives contributed to faster customer onboarding, improved First Time Right (FTR) metrics, reduced rework and a more consistent customer experience.

Customer Service and Delivery Capabilities

FedServ handled approximately 1.92 Lakh customer interactions during FY 2025-26 while maintaining service levels above 94% and Net Promoter Scores (NPS) in the range of 86–87. Your Company continued to support customer acquisition, servicing and sales enablement activities across multiple banking products and channels.

During the year, FedServ successfully established the Coimbatore Operations Centre in less than 50 days, further strengthening business continuity, operational resilience and delivery capacity. Your Company now operates across Kochi, Visakhapatnam, Bengaluru, Indore and Coimbatore with a combined delivery capacity exceeding 1,200 seats.

Strategic Priorities

Going forward, FedServ intends to further expand its operational portfolio, strengthen technology and digital capabilities, enhance automation-led efficiencies and deepen its role as the Bank's preferred operations and technology execution partner. Key focus areas include expansion into additional service categories, scaling analytics and automation capabilities, strengthening business process transformation initiatives and optimising delivery infrastructure across locations.

Fedbank Financial Services Limited (Fedfina)

Established in 1995 and promoted by the Federal Bank, Fedbank Financial Services Limited (Fedfina) is a retail-focused Non-Banking Financial Company (NBFC) catering primarily to self-employed individuals, MSMEs and emerging entrepreneurs through secured lending products. Your Company continues to focus on building a scalable and sustainable lending franchise through prudent risk management, customer-centric products and technology-led operational excellence.

During FY 2025-26, Fedfina continued to strengthen its market position through branch expansion, growth in secured lending, improved asset quality and enhanced capital efficiency.

The Focus

- Fedfina remains focused on secured retail lending with emphasis on:
- Gold Loans
- Loan Against Property (LAP)
- Housing Finance
- MSME Lending

Your Company continues to serve the financing needs of self-employed individuals, traders, small business owners and emerging entrepreneurs while maintaining a strong focus on asset quality and sustainable growth.

Business Performance

Fedfina recorded another year of strong business growth, supported by branch expansion, increased market penetration and strong momentum in gold loans.

757
Branch Network

148
New Branches Added

17
States / UTs Covered

174
New Markets Entered

Your Company expanded its footprint by opening 148 new branches during FY 2025-26, taking the network to 757 branches. Through its innovative Vyapar co-location model, 70 LAP branches were integrated with existing gold loan branches, improving operating efficiency and enabling cross-selling opportunities. Your Company also entered 174 new markets during the year, strengthening its presence across rural and semi-urban geographies.

Disbursements

(₹ in Crore)

Particulars	FY 2024-25	FY 2025-26
Gold Loan	14,602	28,326
Mortgage Loans	3,307	3,084
Medium Ticket LAP	2,303	2,180
Small Ticket LAP & Housing	1,004	904
Unsecured Business Loan	878	0
Total	**18,788**	**31,410**

Assets Under Management

(₹ in Crore)

Particulars	FY 2024-25	FY 2025-26
Gold Loan	5,880	10,352
Mortgage Loans	8,062	9,362
Medium Ticket LAP	4,394	5,570
Small Ticket LAP & Housing	3,668	3,792
Unsecured Business Loan	1,656	218
Total	**15,812**	**20,153**

** Portfolio assigned during FY 2025-26 as part of your Company's transition towards a predominantly secured lending book.*

Gold loans remained the primary growth engine, with AUM increasing to ₹10,352 Crore. The doorstep gold loan business continued to gain traction, with AUM growing 108% YoY to ₹1,730 Crore, enabling deeper penetration into underserved rural and semi-urban markets.

Asset Quality and Capital Management

Fedfina continued to strengthen its risk management framework during FY 2025-26 through a conscious shift towards secured lending, enhanced collection capabilities and technology-enabled monitoring.

Asset Quality Parameters

Particulars	FY 2025-26
Gross NPA (%)	1.90
Gold Loan GNPA (%)	0.20
Credit Cost (%)	0.80
CRAR (%)	22.40

Your Company exited unsecured lending by assigning its ₹886 Crore business loan portfolio and further strengthened collections through expansion of in-house collection teams and deployment of machine learning-based early warning systems. Gross NPA improved to 1.9%, while Gold Loan GNPA remained contained at 0.2%.

Financial Performance

FY 2025-26 was a year of strong financial outcomes, supported by growth in secured lending, improved operating efficiency and prudent capital management.

Profitability (₹ Crore)

(₹ in Crore)

Particulars	FY 2024-25	FY 2025-26
Net Interest Income	1,070.8	1229.7
Total Income	1,226.0	1347.3
Operating Profit	520.1	576.3
Profit Before Tax	303.8	461
Profit After Tax	225.2	343.6

Profit After Tax increased by 52.6% YoY to ₹343.6 Crore. Your Company also reported improvement in operating efficiency, with Opex-to-ATA declining to 5.5% despite significant branch expansion during the year.

Financial Parameters

(₹ in Crore)

Particulars	FY 2024-25	FY 2025-26
Net Worth (₹ Crore)	2,547	2,926
Total Assets (₹ Crore)	13,250	16,875
Gross NPA (%)	2.0	1.9
Net NPA (%)	1.2	1.3
Opex / ATA (%)	5.7	5.5

Fedfina continued to optimise capital utilisation through co-lending and direct assignment transactions. During FY 2025-26, your Company executed ₹2,580 Crore of direct assignment transactions and onboarded three new co-lending partners, strengthening capital efficiency and funding flexibility.

Technology, ESG and Operational Excellence

Technology and sustainability continued to remain key pillars of Fedfina's growth strategy.

Key Operational Metrics	FY 2025-26
Digital Registrations	86%+
ENACH Adoption	90%
Scope 2 Emissions	5,938 MT CO_2e
Reduction in Paper Waste	84%

Your Company continued to drive digitalisation through Aadhaar OTP verification, PAN OCR integration, CKYC integration, automated reconciliations and robotic process automation initiatives. Sustainability efforts resulted in an 84% reduction in paper waste and lower Scope 2 emissions, reflecting your Company's commitment to responsible growth. Your Company also strengthened its technology and security framework through ISO 27001:2022 certification and implementation of enhanced information security controls.

Credit Rating

Fedfina continues to enjoy strong credit ratings of AA+/Stable from CARE, CRISIL, ICRA and India Ratings. These ratings reflect your Company's strong financial profile, prudent risk management practices and the strength of Federal Bank's parentage, providing a robust foundation for future borrowing and sustainable growth.

People Focus

Your Company continued to strengthen its people capabilities through expansion of specialised business, collections and operations teams. Investments in talent development, performance management and employee engagement continue to support Fedfina's growth ambitions and customer-centric operating model.

Ageas Federal Life Insurance Company Limited

Ageas Federal Life Insurance Company Limited (AFLIC), the life insurance joint venture of Your Bank, continued to strengthen its position through sustained business growth, customer-centric innovation and operational excellence. Your Company remained focused on expanding its distribution footprint, enhancing customer experience and delivering sustainable profitability while creating long-term value for stakeholders.

FY 2025-26 marked another year of strong performance for AFLIC, supported by robust new business growth, expanding customer reach, digital innovation and a strengthened bancassurance partnership with Your Bank.

The Focus

- Protection and savings solutions
- Customer-centric insurance offerings
- Distribution expansion
- Digital transformation
- Claims excellence
- Sustainable and profitable growth

Business Performance

AFLIC delivered strong growth during FY 2025-26, significantly outperforming the private life insurance industry on key business parameters.

₹3,664 Cr
Total Premium Collection

23%
Individual APE Growth

Traditional Mix on Individual APE

(%)



Growth was driven by expansion of distribution partnerships and deeper engagement across existing relationships, enabling your Company to strengthen its market presence and customer reach.

Financial Performance

FY 2025-26 marked the 14th consecutive year of profitability for AFLIC, demonstrating the resilience and sustainability of its business model.

₹20,000+ Cr
Assets Under Management

₹29 Cr
Profit After Tax

14 Years
Consecutive Years of Profitability

Your Company continued to maintain a strong balance between growth, profitability and customer value creation while further strengthening its financial position.

Customer Experience and Claims Excellence

99.95%
Claim Settlement Ratio

99.82%
Individual Claim Settlement Ratio

1st
Individual Claim Settlement Ranking

5 Days
Average Retail Claims TAT

AFLIC maintained a best-in-class claim settlement ratio of 99.95% during FY 2025-26, reflecting its strong commitment towards customer trust and service excellence. Your company improved its individual claim settlement ranking to 1st position with claim individual claim settlement ration of 99.82% in FY 2025-26. With an average retail claims turnaround time of 5 days, AFLIC continued to strengthen its customer-centric claims servicing framework through digital innovation and streamlined processes.

Technology and Digital Transformation

Technology continued to be a key enabler of growth, operational efficiency and customer experience enhancement.

Key initiatives undertaken during the year included:

- Modernisation of core insurance platforms
- Expansion of the ACE ecosystem
- Enhancement of the Customer App
- Improved onboarding platforms for partners and agents
- Digital claims servicing capabilities
- Real-time customer engagement solutions

Digital Engagement

159,890
WhatsApp Platform Users

The enhanced WhatsApp platform witnessed strong customer adoption during the year, supported by improvements in user experience, streamlined navigation and expanded service capabilities.

Strategic Partnership with Federal Bank

The Bank's approved acquisition of an additional 4% equity stake in AFLIC reflects its long-term confidence in the life insurance sector and reinforces its commitment to strengthening the partnership.

Bancassurance Highlights

Particulars	FY 2025-26
Additional Stake Acquired	4%
Fee Income Growth Contribution	45%

During FY 2025-26, AFLIC's products continued to be distributed through the Bank's branch and relationship management network, supported by targeted campaigns and cross-selling initiatives. The partnership contributed significantly to fee income growth while enhancing customer penetration and customer value.

Customer-Centric Excellence

AFLIC continued to strengthen its customer-first culture through its Net Promoter Score (NPS) programme and Voice of the Customer (VoC) framework. These initiatives contributed to improvements in customer experience and service delivery.

In recognition of its customer-centric approach, AFLIC secured the 9th position among India's private life insurers in the Hansa Research CUES 2026 report, reflecting its continued commitment towards delivering superior customer experiences and building long-term customer trust.

Outlook

Your Bank remains confident in the long-term growth potential of the Indian economy and the opportunities emerging from increasing formalisation, digital adoption, rising financialisation of savings and expanding credit demand across customer segments. Building on the progress achieved during FY 2025-26, Your Bank will continue to pursue its Federal 4.0 transformation agenda with a focus on delivering sustainable growth, enhancing profitability and creating long-term stakeholder value.

The strategic roadmap for the coming years is centred on strengthening the liability franchise, deepening customer relationships and improving portfolio quality through a calibrated asset mix. Your Bank will continue to focus on growing granular deposits, expanding current account acquisition, enhancing fee-based income streams and increasing its presence in higher-yielding and risk-calibrated lending segments. At the same time, the Bank will maintain its disciplined approach to risk management and capital allocation, while preserving the strong asset quality and capital position that underpin its franchise.

Transformation priorities will continue to focus on improving productivity, simplifying processes and enhancing customer experience through technology and data-led decision-making. Initiatives under the 'Free The Branch' operating model, combined with investments in digital capabilities, analytics, artificial intelligence and operational excellence, are expected to further strengthen business efficiency and scalability. Your Bank will also continue to expand its wealth management capabilities, reinforce its leadership position in NRI banking and leverage emerging opportunities across retail, MSME and commercial banking segments.

Supported by a strong balance sheet, a diversified business model and a clear strategic direction, Your Bank remains well positioned to navigate a dynamic operating environment and deliver consistent, sustainable and profitable growth over the medium to long term.

Internal Control, Compliance and Governance Framework

Internal Audit

Internal Audit conducts independent evaluations to ensure that your Bank's internal controls, risk management and governance systems are adequate, complete, efficient and effective. The Board's Audit Committee guides and reviews the internal audit function, including its reporting structure, personnel, scope and audit frequency. The Head of Internal Audit is appointed as the "Chief Internal Auditor" and reports directly to the Managing Director & CEO. There is also an executive committee called the "Internal Audit Review Committee of Executives," led by the Managing Director & CEO, which supervises internal audit activities, examines audit procedures and methods, tracks audit progress, assesses branch risk ratings and reviews key audit findings.

The Internal Audit Policy, Information System Audit Policy & Guidance Manual and the Internal Audit Procedure & Guidance Manual serve as the primary reference documents for the Internal

Audit function and are reviewed annually. This review incorporates necessary updates and refinements based on observations from the Reserve Bank of India during Risk-Based Supervision, compliance with other regulatory requirements, amendments to internal rules and guidelines and directives from the Audit Committee of the Board as well as the Board of Directors. Such periodic evaluations and modifications ensure that audit systems and procedures remain current and continue to serve as effective tools for monitoring control and compliance within the Bank. The Internal Audit department is also responsible for the ongoing self-assessment of the Bank's internal financial controls through regular testing and validation of control effectiveness.

During FY 2025-26, the Department maintained its transition toward a risk-based, data-driven and technology-enabled audit methodology, placing greater emphasis on root-cause analysis, comprehensive cross-functional impact assessments and sustainable corrective actions. The approach evolved from checklist-oriented and transaction-level reviews to thematic, risk-focused and system-led audits.

All activities—including outsourced operations—and all entities, including subsidiary companies, of your Bank are encompassed within the scope of internal audit. Audits were conducted across various operational units in accordance with the audit universe and the Annual Audit Plan approved by the Audit Committee of the Board.

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. Risk-Based Internal Audit focuses on prioritising audits and audit resources based on composite risk rating derived from the level of inherent business risks and control risks. The RBIA Framework is subject to annual review and is extended to branches and centralised functions and departments.

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. During FY 2025-26, your Bank strengthened in-house Information System Audit capabilities. The Department enhanced its internal expertise through onboarding of specialised resources and certifications in areas such as CISA, CISM, CRISC and other information security domains. 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 offices, with focus on identifying the adequacy and effectiveness of processes adopted for decision-making, governance, control and compliance. 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 and Revenue 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.

During the year, IAD adopted a comprehensive revenue assurance framework aimed at identifying, quantifying and preventing revenue leakages through data-driven audits and systemic interventions. The Department also increased the use of data analytics, SQL-based data extraction and automated data flows for audit scoping, sampling and exception identification

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 as a tool to prevent fraud. Concurrent Audit coverage includes all high risk rated branches, all centralised processing centres, critical departments of the bank like Treasury, Operations, Transaction Monitoring and Fraud Prevention Department, AML Monitoring Department etc and other select branches and offices to ensure minimum coverage as stipulated in Audit policy. During the year under review, Concurrent Audit was in place in 306 branches and 110 offices, covering 69.54% of total advances and 38.84% of total deposits of your Bank. Concurrent Audit is also conducted in all the currency chests as required by the Reserve Bank of India. 292 External Auditors / Audit Firms, 7 Retired Officers and 18 internal audit staff were engaged for concurrent audit assignments during the period.

Thematic Audit- Thematic audits of activities, systems, applications, processes and products are conducted centrally. These audits focus on specific themes across schemes, sectors, functions, or units within the organisation to assess the degree of compliance with internal policies and statutory/regulatory requirements. During FY 2025-26, increased emphasis was placed on thematic and special audits to identify emerging risk patterns and uncover systemic issues.

Third Party / Outsourced Agency Audit- A comprehensive risk-based audit of partners, service providers and outsourced agencies is conducted to assess financial stability, regulatory compliance, operational resilience and adequacy of information security controls. Periodic reviews are also conducted on such units to safeguard the interests of all stakeholders of your Bank.

During FY 2025-26, the Internal Audit Department took many initiatives under the CODES framework — Centralise, Optimise, Digitise, Eliminate and Simplify. The objective of CODES is to move audits away from location-dependent, manual and fragmented processes towards a centralised, technology-driven and risk-focused operating model. A new Audit Management Solution is rolled out and audit observations under all types of audits is tracked in AMS along with automation of risk rating and risk-based sampling.

The Internal Audit Department is manned by appropriately qualified personnel with expertise and exposure in various activities of your Bank, such as branch operations, credit sanction, credit monitoring, operations, information technology, risk management, treasury operations, forensic audit, vendor audit and data analytics.

Capacity building remained a key focus area during FY 2025-26. The Department had 119 auditors holding 277 specialised certifications spanning information systems, credit, risk and allied domains, while 20 officers pursued advanced qualifications in cyber security, CISA/CISM/CRISC forensics and fraud detection.

During the FY 2025-26, 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	1281
Risk-Based Internal Audit /Management Audit of Departments/Offices including IFSC Banking unit	151
Revenue Audit	1551
Gold Loan Audit	1833
Credit Audit	2760
Annual Audit of currency Chests	10
Due Diligence/Vendor Audits of Outsourced agencies/ Managed Services	331
Audits of Federal Ashwas Financial Literacy Centres	22
Offsite audits	150
Thematic & Special audits	69

Transaction Monitoring & Fraud Prevention

Your Bank has implemented several comprehensive measures to ensure the highest standards of monitoring and fraud prevention across all our transaction channels. Transaction Monitoring & Fraud Prevention Department operates round the clock, equipped with state-of-the-art monitoring tools to proactively manage risks. All transactions through our Core Banking System (CBS), as well as digital platforms like FedNet, FedMobile and FedCorp, are closely monitored in real time by our dedicated team. Further debit card, credit card and UPI transactions are also monitored diligently in real-time. We utilize advanced Fraud Risk Management applications, which generate alerts instantly, allowing us to respond promptly to any suspicious activity. We have further reinforced our surveillance capabilities by developing internal AI/ML monitoring models that are specifically tailored to our unique risk landscape. These models have been seamlessly integrated with the bank's Fraud Risk Management (FRM) systems, significantly enhancing our ability to monitor and respond to potential risks. This integration allows us to leverage cutting-edge technology for early detection and prevention of emerging fraud patterns, ensuring that our monitoring remains proactive and intelligence driven.

To enhance the detection and monitoring of mule accounts, we have adopted a model-based approach called "MuleHunter.ai," in coordination with RBI Innovation Hub. Additionally, our bank leverages a web crawling service to identify suspicious accounts on various websites. Our monitoring capabilities have been further strengthened by integrating data from I4C's suspect registry, as well as the MNRL and FRI lists provided by the Department of Telecommunication.

All these initiatives work together to empower our Bank to detect and prevent emerging fraud patterns with a proactive and intelligence-driven strategy. We are proud to share that our efforts were recognized with the BFSI Team for Excellence in Fraud Risk Management award at the FinCrimeExpert Conclave & Awards 2025.



Regulatory Compliance

The Compliance function operates as an independent second line of defence, led by the Chief Compliance Officer with direct reporting to the Board, Audit Committee of the Board and MD & CEO, ensuring autonomy, effective oversight and transparent escalation of compliance risks.

The Department over the years have transformed into a competent, professional function, with in-depth relation with key regulators, pan India market visibility establishing a benchmark model among industry peers. The function has developed a competent all-encompassing Enterprise-Wide Compliance Risk Management Framework (ECRMF) to manage all the compliance related risks for early detection and resolution.

During the year, the Compliance function focused on strengthening proactive monitoring, regulatory accessibility and compliance culture across the Bank.

A SaS-powered continuous monitoring framework, enabling near real-time identification of high-risk transactions and control deviations was implemented. This has enhanced early detection, risk prioritization and timely remediation, reducing reliance on periodic manual reviews.

An enterprise-wide ChatBot as a centralized repository of regulatory guidelines was launched. This has improved speed of access, consistency in interpretation and self-service compliance enablement across business units.

A structured role-based training programs involving 59000 manhours to strengthen regulatory awareness and ownership at the first line level was conducted. These initiatives have contributed to a stronger compliance culture and reduction in repeat deviations.

We have strengthened documentation standards, audit trails and regulatory mapping, improving audit preparedness and effectiveness in closure of regulatory and audit observations.

Going forward, the Bank will:

- Expand continuous monitoring capabilities with wider coverage and advanced analytics
- Enhance AI-driven regulatory tools and knowledge platforms
- Deepen compliance culture and first-line accountability
- Strengthen data governance and supervisory reporting frameworks

The year marked a transition towards technology-led, proactive compliance, positioning the Bank to effectively manage increasing regulatory expectations while supporting sustainable growth.

Legal Compliance

During FY 2025-26, the legal and regulatory environment for the banking sector continued to evolve rapidly, driven by digital transformation, enhanced regulatory oversight and new legislative developments. The Legal Department remained proactive in ensuring compliance while supporting the Bank's strategic and business objectives through timely legal advisory and support.

A key focus area was the Bank's preparedness for compliance with the Digital Personal Data Protection (DPDP) Act, 2023 and its Rules. The Department provided extensive support in drafting and reviewing agreements and related documentation to incorporate data protection and privacy obligations and continues to work closely with stakeholders to ensure readiness for full regulatory implementation.

The Department also explored the adoption of Artificial Intelligence (AI) tools to enhance efficiency in legal operations. Initial trials demonstrated value in areas such as drafting support, document structuring and research. However, risks relating to accuracy, reliability, confidentiality and limited contextual understanding were identified. Accordingly, AI tools are currently treated as supplementary aids, with continued reliance on professional legal judgment and human oversight. With appropriate safeguards and governance, AI is expected to offer long-term operational benefits.

Additionally, the Legal Department played a critical role in supporting the launch of new business segments by drafting and vetting key legal documents, ensuring alignment with contractual and regulatory requirements.

The Department remains committed to strengthening its capabilities, responsibly adopting technology and delivering practical, risk-aware legal guidance in alignment with evolving regulatory expectations and the Bank's growth initiatives.

Due Diligence of MFI/BC Partners

From a legal standpoint, the Agreements with MFI partners incorporate adequate and comprehensive contractual safeguards.

The clauses, inter alia, provide that MFI partners shall be responsible for compliance with all laws, rules, regulations and ordinances applicable in respect of their agents, including but not limited to Minimum Wages Act, Provident Fund laws, Workmen's Compensation Act, Gratuity, Bonus Act, Workmen's Compensation Act, Contract Labour (Regulation & Abolition) Act, etc., or under any other State/Union legislation. They shall establish and maintain all proper records, including, but not limited to, accounting records required by any law or regulatory guideline applicable from time to time, including records and returns as applicable under labour legislations.

Additionally, the Agreement incorporates human rights-aligned provisions, whereby the partner acknowledges the Bank's commitment to integrating human rights considerations into its business activities and, in pursuance thereof, covenants and agrees to support and respect international norms on human rights, including, without limitation, the International Bill of Human Rights, the Guiding Principles on Business and Human Rights, the ILO International Labour Standards and the Children's Rights and Business Principles. The partner further agrees to advance its business operations in accordance with these principles and confirms that it does not tolerate any violation of human rights, including, without limitation, forced labour and child labour.

The Agreement also contains due diligence and oversight provisions, entitling the Bank to conduct reasonable due diligence reviews of the BC and its operations. The BC is contractually obligated to extend full cooperation and provide all requisite information, documents and clarifications in a timely and accurate manner to facilitate such assessments.

Human Rights and Labour Standards in Supplier Contracts

The Agreements contain specific ESG clauses whereby vendors acknowledge that the Bank is committed to integrating human rights considerations into its business and agree that they shall:

- Support and respect international norms on human rights, including, without limitation, the International Bill of Human Rights, the Guiding Principles on Business and Human Rights, the ILO International Labour Standards and the Children's Rights and Business Principles, and advance their business operations in accordance with them.
- Not tolerate any violation of human rights, including, without limitation, forced labour and child labour.
- Nurture a corporate culture of respect for human rights by ensuring that their employees are mindful of the prohibition of discrimination on the basis of race, nationality, age, gender, sexual orientation, gender identity, religion, beliefs, physical characteristics, disability, career and so forth, as well as the prevention of various types of harassment, and create respect for national and regional cultures and customs.
- Adhere to practices of workplace equality and non-discrimination and train employees on their rights, parental leave and provide transparent remuneration as per industry standards.
- Make continuous and appropriate efforts to encourage stakeholders to fully appreciate and agree with the policies and initiatives regarding respect for human rights.
- Comply with applicable labour laws and regulations and seek to maximise respect for the human rights of their employees.
- Comply with the provisions of the Prevention of Sexual Harassment Act or any other applicable law in this regard, ensuring a proper work environment where no employee is subjected to professional or personal harassment.
- Have a suitable grievance redressal mechanism in place that enables employees to consult and report unfair treatment, unprofessional conduct, bias, workplace harassment, intimidation, threatening behaviour, policies and processes, or any act in contravention of diversity and inclusion or any case of breach of human rights.
- Provide training to their employees on various human rights issues on a continuous basis.

In addition, the Bank has in place a comprehensive Supplier Code of Conduct, which provides that the Bank expects its suppliers to uphold the highest standards of human and labour rights and integrate these principles within their operations and value chains. Suppliers shall comply with all applicable laws and regulations relating to labour practices, health and safety, and non-discrimination in India and in all jurisdictions in which they operate, and shall refrain from engaging in any activity inconsistent with applicable labour standards.

Anti-Money Laundering

The Bank continues to demonstrate a strong commitment to maintaining robust Anti-Money Laundering (AML) and Counter Financing of Terrorism (CFT) controls. The AML Monitoring Department plays a critical role in safeguarding the institution against financial crime risks through strengthened frameworks, enhanced surveillance mechanisms and strict adherence to regulatory expectations issued by RBI and FIU-India.

During FY 2025-26, the Bank significantly advanced its AML capabilities through strategic initiatives in analytics, industry collaboration and capacity building, thereby improving its ability to detect, prevent and respond to emerging financial crime risks.

Key Activities and Achievements in FY 2025-26

Awards and Accolades

The Chief Compliance Officer of the bank has received the Lifetime Achievement Award in Financial Crime Compliance for the commendable achievements made in the strengthening the compliance framework of your bank and for playing key role in framing policies and processes to mitigate risks against Laundering, Sanctions and Bribery.

Outstanding Achievements

For the first time your Bank has become the part of the Operational Analyses and Presentation in the FPAC (FIU-India Initiative for Partnership in AML/CFT) in the presence of FIU-India, RBI, I4C and other senior finance ministry officials for the commendable intelligence sharing done during the period.

Industry Collaboration and Regulatory Engagements

Your Bank is part of various working groups constituted by ARIFAC (the Alliance of Reporting Entities in India for AML/CFT) and FIU-India. The working groups includes Sanctions Screening and Watchlist Filtering, Digital Banking and Mule Account Risk Assessment and Banks and Payment Aggregators on Mule Account Identification and RFIs. These engagements will enable alignment with evolving regulatory expectations, industry-wide knowledge sharing, contribution to practical and implementation-oriented governance decisions.

System Enhancements and Data Analytics

Your Bank has implemented MuleHunter.ai in partnership with RBI Innovation Hub (RBIH) w.e.f 18 August 2025 for advanced analytics-driven identification of mule accounts. It was among the early adopters (first six banks) to onboard this solution, reflecting strong technological leadership in financial crime detection. The key outcome of this project includes early detection of suspicious mule accounts exhibiting fraudulent characteristics through hourly scoring and near real time alert generation, thereby leading to timely actions of such accounts.

Training Programs and Awareness Sessions

Your bank has undertaken capacity-building initiatives which is inclusive of quarterly AML/compliance awareness sessions imparted to high-risk branches, leading to measurable improvement in the Bank's position in the Indian Cyber Crime Coordination Centre database. Focused training initiatives resulted in enhanced frontline detection of suspicious activity and improved compliance culture across business units

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. This initiative involves the development of an integrated workflow that supports an agentic (AI-enabled with human oversight) operating model. Key components of the exercise will include threshold optimization and enhanced customer segmentation, aimed at strengthening proactive risk identification capabilities while effectively reducing false positives.

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.

Vigilance

Industry structure and key developments in the industry:

The banking industry continues to operate in a rapidly evolving risk landscape shaped by accelerated digital adoption, expansion of electronic payment channels and increasing sophistication of cyber and financial frauds. Fraud typologies such as social engineering, impersonation and digital coercion have become more prevalent, exposing customers—particularly senior citizens and first-time digital users—to heightened risk. This has led to greater regulatory and supervisory emphasis on early warning systems, proactive fraud prevention and customer protection. While digitisation has deepened financial inclusion and operational efficiency, it has simultaneously expanded the threat landscape, necessitating stronger fraud risk management and preventive vigilance frameworks.

Banks are increasingly moving from reactive fraud detection to technology-enabled, analytics-driven monitoring frameworks, supported by structured surveillance, behavioural analysis and cross-functional coordination. At the same time, regulators and law-enforcement agencies have been actively collaborating with banks to enhance public awareness and resilience against cyber frauds. Regulators have enhanced supervisory expectations around early identification of fraud, red flagging of accounts, time-bound fraud classification and accountability frameworks, particularly in respect of large borrower accounts and digital frauds.

Against this backdrop, industry-wide focus has expanded beyond internal controls to include large-scale customer awareness initiatives, staff capacity building, whistle-blower mechanisms and strong governance oversight through Board-level and senior management reviews. Preventive vigilance, ethics and transparency have emerged as key enablers of trust and sustainable growth in the banking system.

Recap on the year gone by with major highlights/ achievements and breakthroughs achieved:

During FY 2025-26, Bank's fraud risk management was strengthened through a proactive, technology-driven and risk-based approach focused on early identification, effective investigation and timely mitigation of emerging risks. Continuous monitoring of account behaviour using financial and non-financial indicators enabled early detection of vulnerabilities across business segments. Investigations were conducted through a structured and time-bound process, ensuring root-cause analysis and implementation of corrective and preventive measures. Learnings from past incidents were systematically disseminated across the organisation to strengthen controls and prevent recurrence.

Preventive vigilance remained a key focus area. Surveillance mechanisms combining system-driven monitoring, analytical oversight and targeted reviews of high-risk portfolios were leveraged to enhance fraud prevention. Preventive Vigilance Assessments (PVAs) were conducted in identified vulnerable branches to address control gaps. During the year, approximately 40 preventive vigilance workshops and 54 training sessions were conducted, covering over 2,500 employees across roles and scales, including specialised cyber fraud and social engineering awareness sessions. Public awareness initiatives were significantly expanded through the nationwide "Twice is Wise" cyber fraud awareness campaign, conducted in association with law-enforcement agencies and media partners, reaching over 10 Crore people across multiple states and channels. The Bank also undertook targeted awareness initiatives on emerging frauds such as "Digital Arrest" scams, particularly for senior citizens.

The Whistle Blower mechanism under the Protected Disclosure Scheme (PDS) continued to function effectively, with complaints examined in accordance with policy and reviewed periodically by the Audit Committee. Several instances of proactive intervention by branch staff during the year successfully prevented cyber frauds, reinforcing customer trust and the Bank's vigilance culture.



Inaugural Function of Twice is Wise Campaign on 09.05.2025

Vigilance Guidance and Reporting Mechanisms

The Vigilance function provides advisory guidance through periodic circulars, preventive vigilance workshops, training programmes and awareness sessions, equipping employees with knowledge on emerging fraud risks, ethical standards and implementation of control measures. Employees are advised through these communications to seek guidance and report concerns through established channels, including the whistleblower mechanism, thereby facilitating timely reporting of unethical practices and adherence to responsible business conduct.

The Bank has established structured mechanisms for employees and stakeholders to raise concerns regarding the organisation's business conduct through the Protected Disclosure Scheme, a comprehensive whistleblower mechanism. The mechanism provides for responsible and secure reporting by all stakeholders and is aligned with applicable regulatory guidelines of RBI and provisions of Companies Act 2013.

The framework provides designated channels for reporting concerns, ensuring confidentiality, protection of identity and safeguards against retaliation. The Vigilance Department functions as the nodal authority for examining such complaints through a structured and transparent process, covering timely investigation, appropriate escalation and corrective action, wherever required. Awareness and accessibility of these mechanisms are promoted through periodic vigilance awareness programmes, training sessions, e-learning modules, circulars and disclosures on the Bank's intranet and website.

Way forward/ outlook and opportunities for the future:

The fraud risk environment is expected to become increasingly complex, driven by rapid digitalisation, evolving cyber-enabled fraud typologies and greater reliance on remote and technology-led banking channels. Traditional rule-based and reactive approaches are increasingly inadequate to address the scale, speed and sophistication of emerging fraud risks. In this context, the Bank's Vigilance and Fraud Risk Management function will continue to focus on future-proofing its framework through technology-enabled, intelligence-led preventive vigilance mechanisms, moving further upstream from detection to prevention.

The Bank will strengthen the use of advanced analytics, artificial intelligence and system-driven surveillance to identify anomalous patterns, behavioural risks and emerging fraud trends at an early stage. Enhanced integration of early warning indicators across credit and non-credit portfolios will support timely intervention and mitigation. Insights from investigations and global best practices will be leveraged to continuously refine controls, processes and governance frameworks.

Preventive vigilance will continue to remain a core priority through expanded employee training, targeted thematic reviews and deeper engagement with frontline staff to address emerging risks at an early stage. The Bank will also sustain its focus on large-scale customer awareness initiatives, in close collaboration with regulators and law-enforcement agencies, to build resilience against cyber and financial frauds. By leveraging preventive vigilance, employee sensitisation and customer outreach as key risk-mitigation levers, the Vigilance function seeks to reduce fraud risk at the source. This balanced and integrated approach—combining people, processes and technology—aims to strengthen institutional resilience, safeguard customer interests and support sustainable growth in an increasingly digital banking environment.

Strategic Planning

The Corporate Planning Department plays a central role in shaping the Bank's long-term vision, guiding the organization along its strategic trajectory while upholding the principles embodied in CARES. By continuously monitoring the financial, economic and regulatory landscape and undertaking periodic peer benchmarking exercises, the Department ensures that the Bank remains Alert, Agile and Astute in its pursuit of excellence. Insights derived from these structured analytical exercises are leveraged to inform and shape the Bank's medium- to long-term strategy. In addition to strategy formulation, the Department ensures its effective implementation by establishing clear goals, targets and budgets, providing relevant management information for performance evaluation and facilitating continuous monitoring and tracking of the strategic objectives.

For FY 2025-26, your Bank made significant progress across its 12 breakthrough themes which were - 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 its strategy of expanding its footprint to support scalable growth, the Bank opened 51 new outlets across select geographies during FY 2025-26. As of March 31, 2026, the Bank's network comprised 1,640 banking outlets and 2,112 ATMs/Cash Recyclers. The Bank also achieved new milestones in business growth and profitability, surpassing ₹1 Lakh Crore in CASA for the first time, recording its highest-ever fee income of ₹3,559 Crore, while maintaining asset quality at its best level in over a decade.

Cautionary Statement

The Management Discussion and Analysis Report contain forward-looking statements that reflect the current views, expectations and assumptions of the management of Your Bank regarding future events and business performance. These statements are subject to various risks and uncertainties, including changes in economic conditions, interest rates, regulatory developments, market dynamics, competitive factors and other developments affecting the banking and financial services industry, which may cause actual results to differ materially from those expressed or implied. The financial and operational information presented herein is based on information available as of the date of this Report and while believed to be reliable, may be subject to change. Your Bank undertakes no obligation to publicly update or revise any forward-looking statements except as required by applicable laws and regulations.

Financial Statements

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, 2026, 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 ("the Banking Regulations"), 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, 2026, 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, 2026. 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, 2026: ₹ 2,64,59,43,671 thousands Provision of NPA as at March 31, 2026: ₹ 3,77,46,598 thousands (Refer to Schedule 9, Schedule 17(4.2) and of Schedule 18(1.4.1.A)). 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 the Board approved policy in this regard.	**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 the 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 the Board approved policy.

Sr. No	Key Audit Matters	How the Key Audit Matters was addressed in our audit
	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 the RBI which could result into disclosure in the Standalone Financial Statements, we have ascertained identification and provisioning for NPAs as a key audit matter.	• 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 Bank's Management on sectors where there is perceived credit risk and the steps taken by Bank's 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 the Bank's 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. • 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 Regulations and the RBI Guidelines. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, Banking Regulations and the 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, the Bank's 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 Bank's Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Bank's 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 the Bank's Management.
- Conclude on the appropriateness of the 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, 2026 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 Regulations and Section 133 of the Act and relevant rules issued thereunder.

2. As required by sub-section (3) of Section 30 of the Banking Regulations, 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 95 branches and 35 regional business support centres to review the records maintained therein and carried out other relevant audit procedures.

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.

   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, 2026, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2026, 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 (as amended), 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, Note 1.12.5 and Note 3.6 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 Note 4.7 and Note 4.22 of Schedule 17, Note 1.12.5, Note 3.5(ii) and Note 3.8 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 during the year ended March 31, 2026.

      iv. a. The Bank's 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.

      b. The Bank's Management has represented, that, to the best of its knowledge and belief, as disclosed in the Note 3.12 of Schedule 18 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; and

      c. 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 Bank's 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 (a) and (b) 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 Regulations.

      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 years 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 Regulations. Accordingly, the requirements prescribed under Section 197 of the Act do not apply.

INDEPENDENT AUDITORS' REPORT (Contd..)

For **M S K A & Associates LLP**
(Formerly Known as
M S K A & Associates)
Chartered Accountants
ICAI Firm Registration
Number: 105047W/W101187

Prateek Khandelwal
Partner
Membership Number: 139144
UDIN:26139144HUHIQN7851

Mumbai
April 29, 2026

For **Suri & Co**
Chartered Accountants
ICAI Firm Registration
Number: 004283S

Sanjeev Aditya M
Partner
Membership Number: 229694
UDIN: 26229694MNJVMR7168

Mumbai
April 29, 2026

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE BANK.

[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 Act

We have audited the internal financial controls with reference to Standalone Financial Statements of The Bank as of March 31, 2026, 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, 2026, 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 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 the 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 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 LLP**
(Formerly Known as
M S K A & Associates)
Chartered Accountants
ICAI Firm Registration
Number: 105047W/W101187

Prateek Khandelwal
Partner
Membership Number: 139144
UDIN:26139144HUHIQN7851

Mumbai
April 29, 2026

For **Suri & Co**
Chartered Accountants
ICAI Firm Registration
Number: 004283S

Sanjeev Aditya M
Partner
Membership Number: 229694
UDIN: 26229694MNJVMR7168

Mumbai
April 29, 2026

THE FEDERAL BANK LIMITED

BALANCE SHEET

AS ON MARCH 31, 2026

(₹ in Thousands)

	Schedule	As on March 31, 2026	As on March 31, 2025
CAPITAL AND LIABILITIES			
Capital	1	49,28,564	49,11,658
Share warrants subscription money (Refer Note 3.2.A of Schedule 18)		1,54,91,277	-
Reserves and surplus	2	36,66,30,828	32,92,94,508
Deposits	3	3,13,90,93,900	2,83,64,74,727
Borrowings	4	21,15,91,270	23,72,63,046
Other liabilities and provisions	5	13,74,79,085	8,21,04,075
TOTAL		**3,87,52,14,924**	**3,49,00,48,014**
ASSETS			
Cash and balances with Reserve Bank of India	6	15,56,61,894	20,35,44,369
Balances with banks and money at call and short notice	7	10,16,14,076	10,50,48,074
Investments	8	76,67,62,126	66,24,56,067
Advances	9	2,64,59,43,671	2,34,83,63,947
Fixed assets	10	1,47,25,240	1,47,82,703
Other assets	11	19,05,07,917	15,58,52,854
TOTAL		**3,87,52,14,924**	**3,49,00,48,014**
Contingent liabilities	12	2,89,53,85,308	2,08,26,20,402
Bills for collection		9,87,02,937	9,23,27,980
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 LLP**
(Formerly Known as M S K A & Associates)
Chartered Accountants
ICAI Firm Registration No: 105047W/W101187

Prateek Khandelwal
Partner
Membership No: 139144

For **Suri & Co**
Chartered Accountants
ICAI Firm Registration No: 004283S

Sanjeev Aditya M
Partner
Membership No: 229694

Place: Mumbai
Date : April 29, 2026

For **The Federal Bank Limited**

Krishnan Venkat Subramanian
Managing Director & CEO
DIN: 00031794

Venkatraman Venkateswaran
Executive Director & CFO
DIN: 09227554

Manikandan Muthiah
Head - Financial Reporting

Elias George
Independent Director
DIN: 00204510

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, 2026

(₹ in Thousands)

	Schedule	Year ended March 31, 2026	Year ended March 31, 2025
I. INCOME			
Interest earned	13	27,69,53,751	26,36,52,523
Other income	14	4,44,03,869	3,80,12,493
TOTAL		**32,13,57,620**	**30,16,65,016**
II. EXPENDITURE			
Interest expended	15	17,03,79,663	16,89,72,565
Operating expenses	16	7,89,15,948	7,16,81,110
Provisions and contingencies (Refer Note 1.12.5 of Schedule 18)		3,08,88,760	2,04,92,466
TOTAL		**28,01,84,371**	**26,11,46,141**
III. PROFIT/(LOSS)			
Net profit for the year		**4,11,73,249**	**4,05,18,875**
Profit brought forward		8,75,50,952	7,04,80,248
TOTAL		**12,87,24,201**	**11,09,99,123**
IV. APPROPRIATIONS			
Transfer to Revenue Reserve		61,62,115	60,67,154
Transfer to Statutory Reserve		1,02,93,312	1,01,29,718
Transfer to Capital Reserve		6,62,178	8,35,505
Transfer to Investment Fluctuation Reserve		5,64,000	15,19,271
Transfer to Special Reserve		20,54,900	19,56,500
Dividend pertaining to previous year paid during the year (Refer Note 3.2.E of Schedule 18)		29,50,399	29,40,023
Balance carried over to Balance Sheet		10,60,37,297	8,75,50,952
TOTAL		**12,87,24,201**	**11,09,99,123**
Earnings per share (Face value of ₹ 2/- each) (₹) (Refer Note 3.1 of Schedule 18)			
Basic		16.74	16.54
Diluted		16.56	16.37
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 LLP**
(Formerly Known as M S K A & Associates)
Chartered Accountants
ICAI Firm Registration No: 105047W/W101187

Prateek Khandelwal
Partner
Membership No: 139144

For **Suri & Co**
Chartered Accountants
ICAI Firm Registration No: 004283S

Sanjeev Aditya M
Partner
Membership No: 229694

Place: Mumbai
Date : April 29, 2026

For **The Federal Bank Limited**

Krishnan Venkat Subramanian
Managing Director & CEO
DIN: 00031794

Venkatraman Venkateswaran
Executive Director & CFO
DIN: 09227554

Manikandan Muthiah
Head - Financial Reporting

Elias George
Independent Director
DIN: 00204510

Harsh Dugar
Executive Director
DIN: 00832748

Samir P Rajdev
Company Secretary

THE FEDERAL BANK LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Thousands)

	Year ended March 31, 2026	Year ended March 31, 2025
Cash Flow from Operating Activities		
Net Profit before taxes	5,36,95,349	5,36,80,675
Adjustments for:		
Depreciation on Bank's Property	28,23,802	26,72,550
(Profit) / Loss on revaluation of Investments (net)	25,16,283	(13,79,880)
Amortisation of discount on Investments	(11,12,142)	(9,41,546)
Provision / Charge for Non Performing Advances	1,73,64,156	80,40,610
Provision for Investments, Standard Assets and Contingencies	10,02,504	(7,09,945)
Profit on sale of fixed assets (net)	(2,08,421)	(25,226)
Profit on Sale of Investment in Associate	-	(6,49,120)
Dividend From Subsidiaries / Associates	(1,65,530)	(2,26,810)
Employees Stock Option Expense	2,65,949	84,855
	7,61,81,950	**6,05,46,163**
Adjustments for working capital changes:-		
(Increase) / Decrease in Investments [excluding investments in Subsidiaries, Associate and Held to Maturity Investments]	9,09,226	(1,59,39,505)
Increase in Advances	(31,49,43,880)	(26,23,71,209)
(Increase) / Decrease in Other Assets	(3,63,11,437)	2,51,83,179
Increase in Deposits	30,26,19,173	31,11,34,574
Increase / (Decrease) in Other Liabilities and Provisions	5,28,29,974	(53,29,744)
	51,03,056	**5,26,77,295**
Direct taxes paid (net)	(94,64,876)	(1,24,89,688)
Net Cash Flow from Operating Activities	**7,18,20,130**	**10,07,33,770**
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(27,78,480)	(72,66,955)
Proceeds from Sale of Fixed Assets	2,20,562	37,511
Dividend From Subsidiaries / Associate	1,65,530	2,26,810
Proceeds from Sale of Investment in Associate	-	7,75,500
Increase in Investment in Associate	(9,74,400)	-
Purchase of Held to Maturity Investments (net)	(10,71,87,227)	(3,12,10,605)
Net Cash flow used in Investing Activities	**(11,05,54,015)**	**(3,74,37,739)**
Cash Flow from Financing Activities		
Proceeds from Issue of Share Capital	16,906	40,955
Proceeds from Share Premium (Net of share issue expenses)	6,22,756	16,10,216
Redemption of Subordinate Debt	-	(30,00,000)
Increase / (Decrease) in Borrowings (Excluding Subordinate Debt)	(2,56,71,776)	5,99,98,882
Proceeds from Share Warrants Subscription Money	1,54,91,277	-
Dividend Paid	(29,50,399)	(29,40,023)
Net Cash flow from / (used in) Financing Activities	**(1,24,91,236)**	**5,57,10,030**
Effect of exchange fluctuation on translation reserve	(91,352)	(42,785)
Net Increase / (Decrease) in Cash and Cash Equivalents	**(5,13,16,473)**	**11,89,63,276**

THE FEDERAL BANK LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Thousands)

	Year ended March 31, 2026	Year ended March 31, 2025
Cash and Cash Equivalents at the beginning of the year	30,85,92,443	18,96,29,167
Cash and Cash Equivalents at the end of the year	25,72,75,970	30,85,92,443

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 ₹ 9,19,538 Thousands (Previous year: ₹ 7,08,877 Thousands)

As per our report of even date
For **M S K A & Associates LLP**
(Formerly Known as M S K A & Associates)
Chartered Accountants
ICAI Firm Registration No: 105047W/W101187

Prateek Khandelwal
Partner
Membership No: 139144

For **Suri & Co**
Chartered Accountants
ICAI Firm Registration No: 004283S

Sanjeev Aditya M
Partner
Membership No: 229694

Place: Mumbai
Date : April 29, 2026

For **The Federal Bank Limited**

Krishnan Venkat Subramanian
Managing Director & CEO
DIN: 00031794

Venkatraman Venkateswaran
Executive Director & CFO
DIN: 09227554

Manikandan Muthiah
Head - Financial Reporting

Elias George
Independent Director
DIN: 00204510

Harsh Dugar
Executive Director
DIN: 00832748

Samir P Rajdev
Company Secretary

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 1 - CAPITAL (Refer Note 3.2 of Schedule 18)

(₹ in Thousands)

	As on March 31, 2026	As on March 31, 2025
Authorised Capital	80,00,000	80,00,000
4,00,00,00,000 (Previous year 4,00,00,00,000) equity shares of ₹ 2/- each		
Issued Capital	49,31,215	49,14,309
2,46,56,07,651 (Previous year 2,45,71,54,360) equity shares of ₹ 2/-each		
Subscribed, Called-up and Paid-up Capital	49,28,565	49,11,659
2,46,42,82,356 (Previous year 2,45,58,29,065) equity shares of ₹ 2/-each		
Less: Calls unpaid	1	1
Total	**49,28,564**	**49,11,658**

SCHEDULE 2 - RESERVES AND SURPLUS

(₹ in Thousands)

	As on March 31, 2026	As on March 31, 2025
I. Statutory Reserve		
Opening balance	6,54,91,979	5,53,62,261
Additions during the year	1,02,93,312	1,01,29,718
Deductions during the year	-	-
	7,57,85,291	**6,54,91,979**
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	92,20,883	83,85,378
Additions during the year*	20,93,074	8,35,505
Deductions during the year	-	-
	1,13,13,957	**92,20,883**
Total (a+b)	**1,13,64,048**	**92,70,974**
III. Share premium (Refer Note 3.2 of Schedule 18)		
Opening balance	10,37,43,746	10,21,31,434
Additions during the year	6,27,450	16,12,312
Deductions during the year	-	-
	10,43,71,196	**10,37,43,746**
IV. Revenue and Other Reserves		
a) Revenue Reserve		
Opening balance	4,20,59,095	3,49,41,682
Additions during the year	61,62,228	71,17,413
Deductions during the year	-	-
	4,82,21,323	**4,20,59,095**
b) Investment Fluctuation Reserve (Refer Note 1.2.6 of Schedule 18)		
Opening balance	42,57,034	25,75,332
Additions during the year	5,64,000	16,81,702
Deductions during the year	-	-
	48,21,034	**42,57,034**
c) Special Reserve (As per section 36(1)(viii) of Income Tax Act, 1961)		
Opening balance	1,37,83,400	1,18,26,900
Additions during the year	20,54,900	19,56,500
Deductions during the year	-	-
	1,58,38,300	**1,37,83,400**

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd..)

(₹ in Thousands)

	As on March 31, 2026	As on March 31, 2025
V. Investment Reserve Account		
Opening balance	-	1,62,431
Additions during the year	-	-
Deductions during the year		(1,62,431)
	-	**-**
VI. Foreign Currency Translation Reserve (Refer Schedule 17 (4.6))		
Opening balance	(2,20,203)	(1,77,418)
Additions during the year	-	-
Deductions during the year	(91,352)	(42,785)
	(3,11,555)	**(2,20,203)**
VII. ESOP Reserve		
Opening balance	1,16,897	34,137
Additions during the year	2,65,949	84,856
Deductions during the year	(4,694)	(2,096)
	3,78,152	**1,16,897**
VIII. AFS Reserve		
Opening balance	22,60,539	-
Additions during the year	94,846	30,65,438
Deductions during the year	(22,60,198)	(8,04,899)
	95,187	**22,60,539**
IX. Cash Flow Hedge Reserve		
Opening balance	6,79,092	-
Additions during the year	-	6,96,999
Deductions during the year	(9,49,540)	(17,907)
	(2,70,448)	**6,79,092**
X. Contingency Reserve		
Opening balance	3,01,003	3,01,003
Additions during the year	-	-
Deductions during the year	-	-
	3,01,003	**3,01,003**
XI. Balance in Profit and Loss Account	10,60,37,297	8,75,50,952
Grand Total (I+II+III+IV+V+VI+VII+VIII+IX+X+XI)	**36,66,30,828**	**32,92,94,508**

* - Includes Profit appropriated / transferred to Capital Reserve (net of applicable taxes and transfer to statutory reserve) on :

a) Gain on sale of Held to Maturity Investments ₹ 5,46,382 Thousands (Previous year ₹ 4,40,172 Thousands)

b) Gain on reclassification / sale of investments in Subsidiary / Associate ₹ Nil (Previous year ₹ 3,84,335 Thousands)

c) Gain on sale of Designated Equity ₹ 14,30,896 Thousands (Previous year ₹ Nil)

d) Profit on sale of Premises ₹ 1,15,796 Thousands (Previous year ₹ 10,998 Thousands)

SCHEDULE 3 - DEPOSITS

(₹ in Thousands)

	As on March 31, 2026	As on March 31, 2025
A. I. Demand Deposits		
i. From banks	50,11,455	64,12,684
ii. From others	27,30,31,846	21,84,43,093
	27,80,43,301	**22,48,55,777**
II. Savings Bank Deposits	**76,63,24,503**	**63,89,22,444**
III. Term Deposits		
i. From banks	3,25,60,783	5,12,19,543
ii. From others	2,06,21,65,313	1,92,14,76,963
	2,09,47,26,096	**1,97,26,96,506**
Grand Total (I+II+III)	**3,13,90,93,900**	**2,83,64,74,727**

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd..)

(₹ in Thousands)

	As on March 31, 2026	As on March 31, 2025
B. I. Deposits of branches in India	3,12,48,69,076	2,83,16,19,524
II. Deposits of branches outside India	1,42,24,824	48,55,203
Total	**3,13,90,93,900**	**2,83,64,74,727**

Deposits includes lien marked deposits of ₹ 27,48,75,382 Thousands (Previous Year ₹ 24,63,85,927 Thousands)

SCHEDULE 4 - BORROWINGS

(₹ in Thousands)

	As on March 31, 2026	As on March 31, 2025
I. Borrowings in India		
i. Reserve Bank of India	2,40,00,000	2,25,00,000
ii. Other banks	2,50,000	6,80,000
iii. Other institutions and agencies	14,00,93,887	18,02,27,980
Total	**16,43,43,887**	**20,34,07,980**
II. Borrowings outside India	4,72,47,383	3,38,55,066
Grand Total (I and II)	**21,15,91,270**	**23,72,63,046**
a) Secured borrowings included in I and II above	13,23,93,887	17,07,27,980
b) Tier II bond included in I(ii) & I(iii) above	1,69,50,000	1,69,50,000

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(₹ in Thousands)

	As on March 31, 2026	As on March 31, 2025
I. Bills payable	53,24,247	52,29,794
II. Inter - office adjustment (net)	-	-
III. Interest accrued	59,48,363	81,62,901
IV. Others (including provisions)*	12,62,06,475	6,87,11,380
Total	**13,74,79,085**	**8,21,04,075**
*Includes		
(a) General provision for standard assets (Refer Note 1.4.14 of Schedule 18)	1,28,84,103	1,20,04,103
(b) Deferred Tax Liability (Net) (Refer Note 2.4 of Schedule 18)	28,32,310	17,01,376

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(₹ in Thousands)

	As on March 31, 2026	As on March 31, 2025
I. Cash in hand (including foreign currency notes)	75,38,682	79,42,104
II. Balance with Reserve Bank of India		
i. in Current Accounts	9,22,53,212	11,40,02,265
ii. in Other Accounts	5,58,70,000	8,16,00,000
Total (I+II)	**15,56,61,894**	**20,35,44,369**

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd..)

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(₹ in Thousands)

	As on March 31, 2026	As on March 31, 2025
I. In India		
i. Balances with banks		
a. in Current Accounts	49,45,598	56,32,963
b. in Other Deposit Accounts	11,482	5,61,482
ii. Money at call and short notice		
a. With banks	-	-
b. With other institutions	24,96,922	1,06,14,770
Total	**74,54,002**	**1,68,09,215**
II. Outside India		
i. in Current Accounts	1,74,38,559	83,59,164
ii. in Other Deposit Accounts	7,39,71,300	7,92,81,370
iii. Money at call and short notice	27,50,215	5,98,325
Total	**9,41,60,074**	**8,82,38,859**
Grand Total (I and II)	**10,16,14,076**	**10,50,48,074**

SCHEDULE 8 - INVESTMENTS

(₹ in Thousands)

	As on March 31, 2026	As on March 31, 2025
I. Investments in India in		
i. Government securities #	63,55,80,396	56,07,12,432
ii. Other approved securities	-	-
iii. Shares	66,03,166	88,86,630
iv. Debentures and bonds	4,72,46,276	3,43,98,282
v. Subsidiaries and/or joint ventures	99,00,560	89,26,160
vi. Others @	6,73,62,778	4,93,31,305
Total	**76,66,93,176**	**66,22,54,809**
II. Investments outside India in		
i. Government securities (including local authorities)	46,606	42,008
ii. Subsidiaries and/or joint ventures abroad	-	-
iii. Other investments		
a. Debentures and bonds	-	1,44,264
b. Shares	22,344	14,986
Total	**68,950**	**2,01,258**
Grand Total (I and II)	**76,67,62,126**	**66,24,56,067**
Gross Investments		
In India	76,72,54,753	66,30,11,069
Outside India	68,950	2,01,258
Total	**76,73,23,703**	**66,32,12,327**
Provision for Investments		
In India	5,61,577	7,56,260
Outside India	-	-
Total	**5,61,577**	**7,56,260**
Net Investments		
In India	76,66,93,176	66,22,54,809
Outside India	68,950	2,01,258
Total	**76,67,62,126**	**66,24,56,067**

Securities valuing ₹ 10,21,78,706 Thousands (Previous Year ₹ 9,77,80,879 Thousands) pledged for availment of fund transfer facility, clearing facility and margin requirements.

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd..)

@ Comprises of:

(₹ in Thousands)

	As on March 31, 2026	As on March 31, 2025
Pass Through Certificates (PTCs)	3,69,21,608	3,99,50,669
Certificate of Deposits	2,02,84,479	45,39,782
Commercial Paper	80,55,031	27,55,731
Venture Capital Funds (VCFs)	20,57,713	19,90,783
Security Receipts	43,947	49,542
Exchange Traded Funds (ETFs)	-	44,798
Total	**6,73,62,778**	**4,93,31,305**

SCHEDULE 9 - ADVANCES

(₹ in Thousands)

		As on March 31, 2026	As on March 31, 2025
A.	i. Bills purchased and discounted	9,86,43,488	8,60,87,049
	ii. Cash credits, overdrafts and loans repayable on demand	1,01,45,56,324	95,93,02,461
	iii. Term loans	1,53,27,43,859	1,30,29,74,437
Total		**2,64,59,43,671**	**2,34,83,63,947**
B.	i. Secured by tangible assets*	2,27,68,06,304	2,03,58,66,977
	ii. Covered by Bank/Government guarantees	3,50,42,407	3,01,71,601
	iii. Unsecured	33,40,94,960	28,23,25,369
Total		**2,64,59,43,671**	**2,34,83,63,947**
C.	I. Advances in India		
	i. Priority sector	86,29,12,529	72,43,30,110
	ii. Public sector	17,604	5,17,010
	iii. Banks	2,72,16,669	2,64,31,879
	iv. Others	1,69,83,99,327	1,56,27,02,196
Total		**2,58,85,46,129**	**2,31,39,81,195**
C.	II. Advances outside India (Refer Note 1.4.3 of Schedule 18)		
	i. Due from banks	1,92,79,815	54,77,842
	ii. Due from others		
	a) Bills purchased and discounted	9,65,901	7,81,962
	b) Syndicated Loans	1,53,94,696	77,36,991
	c) Others	2,17,57,130	2,03,85,957
Total		**5,73,97,542**	**3,43,82,752**
Grand Total (C I and C II)		**2,64,59,43,671**	**2,34,83,63,947**

* Includes Advances against book debts

SCHEDULE 10 - FIXED ASSETS

(₹ in Thousands)

	As on March 31, 2026	As on March 31, 2025
A. Premises #		
Gross Block		
At cost as on 31st March of the preceding year	79,36,422	42,11,444
Additions during the year	1,14,675	37,27,293
Deductions during the year	26,094	2,315
At the end of the year	**80,25,003**	**79,36,422**
Depreciation		
As at the beginning of the year	14,02,001	12,16,304
Charge for the year	2,82,216	1,86,804
Deductions during the year	20,204	1,107
Depreciation to date	**16,64,013**	**14,02,001**
Net Block	**63,60,990**	**65,34,421**

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd..)

(₹ in Thousands)

	As on March 31, 2026	As on March 31, 2025
B.Other fixed assets		
(including furniture and fixtures)		
Gross Block		
At cost as on 31st March of the preceding year	2,28,63,390	1,96,53,043
Additions during the year	23,15,404	34,87,240
Deductions during the year	1,39,283	2,76,893
At the end of the year	**2,50,39,511**	**2,28,63,390**
Depreciation		
As at the beginning of the year	1,53,26,445	1,31,06,515
Charge for the year	25,41,586	24,85,746
Deductions during the year	1,33,033	2,65,816
Depreciation to date	**1,77,34,998**	**1,53,26,445**
Net Block	**73,04,513**	**75,36,945**
C. Capital Work in progress (Including Capital Advances)	**10,59,737**	**7,11,337**
Grand Total (A+B+C)	**1,47,25,240**	**1,47,82,703**

- Includes buildings constructed on leasehold land at different places having original cost of ₹ 51,26,666 Thousands (Previous year ₹ 51,26,666 Thousands) and Written down value of ₹ 45,03,136 Thousands (Previous year ₹ 47,27,104 Thousands) with remaining lease period varying from 49 - 60 years.

SCHEDULE 11 - OTHER ASSETS

(₹ in Thousands)

	As on March 31, 2026	As on March 31, 2025
I. Inter - office adjustments (net)	-	-
II. Interest accrued	2,54,35,453	2,13,21,441
III. Tax paid in advance/ tax deducted at source (Net of provision)	1,66,86,644	1,40,05,057
IV. Stationery and Stamps	19,285	18,943
V. Non-banking assets acquired in satisfaction of claims	786	2,926
VI. Others #	14,83,65,749	12,05,04,487
Total	**19,05,07,917**	**15,58,52,854**
# Includes		
(a) Priority sector shortfall deposits	5,29,75,052	8,45,74,562
(b) Security deposits	34,66,128	30,06,568

SCHEDULE 12 - CONTINGENT LIABILITIES (Refer Note 3.6 of Schedule 18)

(₹ in Thousands)

	As on March 31, 2026	As on March 31, 2025
I. Claims against the Bank not acknowledged as debts	1,13,97,515	1,99,57,639
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange contracts**	2,65,61,22,371	1,86,33,48,529
IV. Guarantees given on behalf of constituents		
a) In India	16,78,61,953	15,58,42,831
b) Outside India	-	-
V. Acceptances, endorsements and other obligations	5,38,78,462	3,83,49,118
VI. Other items for which the Bank is contingently liable@	61,25,007	51,22,285
Total	**2,89,53,85,308**	**2,08,26,20,402**
** - Includes		
(a) Contingent liability on Forward Exchange Contracts	1,29,53,14,184	1,02,00,21,851
(b) Contingent liability for Derivatives	1,36,08,08,187	84,33,26,678

@ - includes ₹ 39,80,334 Thousands (Previous Year : ₹ 33,91,759 Thousands) being amount transferred to DEA Fund Cell, RBI and outstanding, as per Reserve Bank of India (Commercial Banks – Miscellaneous) Directions, 2025 (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, 2026	Year ended March 31, 2025
I. Interest/discount on advances/bills	21,70,99,468	21,01,66,214
II. Income on investments	4,77,01,683	4,54,18,178
III. Interest on balances with Reserve Bank of India and other inter-bank funds	45,83,324	44,30,042
IV. Others*	75,69,276	36,38,089
Total	**27,69,53,751**	**26,36,52,523**

* - Includes interest on Income tax refunds amounting to ₹ 47,51,066 Thousands (Previous year ₹ 1,22,195 Thousands) accounted based on Assessment Orders received.

SCHEDULE 14 - OTHER INCOME

(₹ in Thousands)

	Year ended March 31, 2026	Year ended March 31, 2025
I. Commission, exchange and brokerage	3,32,34,268	2,79,77,850
II. Profit on sale of investments (Net)	35,62,664	26,57,712
III. Profit / (loss) on revaluation of investments (Net)	(25,16,283)	13,79,880
IV. Profit on sale of land, buildings and other assets (Net)	2,08,421	25,226
V. Profit on foreign exchange/derivative transactions (Net)	64,72,738	23,03,062
VI. Income earned by way of dividends etc. from subsidiaries / associates and / or joint ventures abroad / in India.	1,65,530	2,26,810
VII. Miscellaneous income**	32,76,531	34,41,953
Total	**4,44,03,869**	**3,80,12,493**

** - Includes Recoveries in assets written off ₹ 19,09,523 Thousands (Previous year ₹ 16,39,002 Thousands)

SCHEDULE 15 - INTEREST EXPENDED

(₹ in Thousands)

	Year ended March 31, 2026	Year ended March 31, 2025
I. Interest on deposits	15,92,88,839	15,41,12,013
II. Interest on Reserve Bank of India/Inter bank borrowings	14,11,572	21,34,912
III. Others	96,79,252	1,27,25,640
Total	**17,03,79,663**	**16,89,72,565**

SCHEDULE 16 - OPERATING EXPENSES

(₹ in Thousands)

	Year ended March 31, 2026	Year ended March 31, 2025
I. Payments to and provisions for employees	3,22,53,981	3,08,82,785
II. Rent, taxes and lighting	35,44,726	33,44,717
III. Printing and stationery	5,80,418	5,18,586
IV. Advertisement and publicity	8,10,069	5,05,030
V. Depreciation on Bank`s property	28,23,802	26,72,550
VI. Directors' fees, allowances and expenses	74,976	78,549
VII. Auditors' fees and expenses	53,629	53,521
VIII. Law charges	3,42,876	3,13,885
IX. Postage, Telegrams, Telephones, etc	25,31,315	18,68,900
X. Repairs and maintenance	14,10,740	12,89,552
XI. Insurance	37,95,817	35,02,723
XII. Other expenditure#	3,06,93,599	2,66,50,312
Total	**7,89,15,948**	**7,16,81,110**

- Includes Corporate Social Responsibility expenditure amounting to ₹ 9,34,940 Thousands (Previous year: ₹ 7,54,853 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, 2026

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 1,595 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.

Initial recognition

Investments are initially recognised at fair value. Unless facts and circumstances suggest that the fair value is materially different from the acquisition cost, it is presumed that the acquisition cost is the fair value.

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.

Bank categorizes its investment portfolio into three fair value hierarchies based on the inputs to the fair value measurement.

- Level 1 instruments, if quoted prices are available in active markets for identical instruments which can be accessed at measurement date.
- Level 2 instruments, if valuation of instrument is based on inputs other than quoted prices included within Level 1, that are observable for the instrument.
- Level 3 instruments, if valuation is based on unobservable inputs.

In case of level 1 and level 2 instruments, when acquisition cost is not equal to fair value, the resulting Day 1 gain / loss is recognised in profit and loss account. In case of level 3 instruments, Day 1 loss is immediately recognised in profit and loss account, however, day 1 gain from level 3 instruments is deferred. In the case of debt instruments, the Day 1 gain shall be amortised on a straight-line basis up to the maturity date (or earliest call date for perpetual instruments), while for unquoted equity instruments, the gain shall be set aside as a liability until the security is listed or derecognised.

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 Account.
- 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 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.
- 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 Account.

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 Account.
- 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). Bonds/debentures in foreign currencies are valued based on the last price provided by market information providers such as Bloomberg, Refinitiv, etc.

b. Treasury Bills, Commercial paper, US Treasury bills denominated in foreign currencies 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:

- Unquoted government securities are valued as per the prices published by FBIL. Valuation of other unquoted fixed income securities (bonds and debentures) is done with appropriate mark-up, i.e. applicable FIMMDA published credit spreads over the Yield to Maturity (YTM) rates for Government of India securities as published by FBIL.
- Pass Through Certificates ('PTC') including Priority Sector PTCs are valued by using FIMMDA credit spreads as applicable for the NBFC category, based on the credit rating of the respective PTC over the YTM rates for Government of India securities published by FBIL.
- 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 not guaranteed by Government of India 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.

Investment in security receipts guaranteed by Government of India is valued as per the latest NAV declared by Asset Reconstruction Companies. Security receipts outstanding after the final settlement of the government guarantee or the expiry of the guarantee period, whichever is earlier, are valued at ₹1.

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 unrealised interest on NPAs. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria as per Reserve Bank of India (Commercial Banks – Income Recognition, Asset Classification and Provisioning) Directions, 2025. Interest on Non-Performing advances is transferred to an unrealised interest account and recognized in Profit and Loss Account upon receipt only.

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 makes additional provisions as per Reserve Bank of India (Commercial Banks – Resolution of Stressed Assets) Directions, 2025, 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.

Loans reported as fraud are classified as loss assets, and fully provided immediately without considering the value of security.

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.

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, 2026(Contd..)

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.

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 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.

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 stressed assets, 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. Additionally, the bank shall reverse the entire excess provision (i.e., Sale Consideration less Net Book Value) to the profit and loss account in the year of transfer if the sale consideration comprises only of cash and security receipts guaranteed by the Government of India.

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 (IBU at Gift City):

- 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.
- 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
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

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.

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, 2026(Contd..)

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), & Employee Stock Option Scheme 2025 (ESOS 2025) 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) and the Federal Bank Limited Employee Stock Incentive Scheme 2025 (ESIS 2025) 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 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.

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, 2026(Contd..)

- 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).

THE FEDERAL BANK LIMITED

SCHEDULE 18 : NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

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, 2026 are denominated in Rupees Crore to conform to extant RBI guidelines except where stated otherwise.

1.1 Regulatory Capital

1.1. 1 Capital To Risk-Weighted Assets Ratio (Capital Adequacy Ratio)

The Bank computes Capital Adequacy Ratio in accordance with RBI (Commercial Banks – Prudential Norms on Capital Adequacy) Directions. As per the direction, the Bank is required to maintain, on an on-going basis, 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	March 31, 2026	March 31, 2025
i)	Common Equity Tier 1 capital (CET 1) *	36,814.34	31,593.12
ii)	Additional Tier 1 capital	-	-
iii)	Tier 1 capital (i + ii)	36,814.34	31,593.12
iv)	Tier 2 capital	3,047.96	2,866.73
v)	Total capital (Tier 1 + Tier 2)	39,862.30	34,459.85
vi)	Total Risk Weighted Assets (RWAs)	2,31,126.14	2,10,102.47
vii)	CET 1 Ratio (CET 1 as a percentage of RWAs)	15.93%	15.04%
viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	15.93%	15.04%
ix)	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	1.32%	1.36%
x)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	17.25%	16.40%
xi)	Leverage Ratio	8.42%	8.07%
xii)	Percentage of the shareholding of the Government of India	-	-
xiii)	Amount of paid-up equity capital raised during the year#	-	-
xiv)	Amount of non-equity Tier 1 capital raised during the year	-	-
xv)	Amount of Tier 2 capital raised during the year	-	-

*Adjusted for proposed dividend of ₹ 1.20 per share (previous year: ₹ 1.20 per share). (Refer Note 3.2.E)

#Note: During the year, the Bank has allotted 84,53,291 (previous year 2,04,77,127) equity shares consequent to exercise of ESOS vested. Accordingly, the share capital increased by ₹ 1.69 Crore (previous year ₹ 4.10 Crore) and share premium account increased by ₹ 62.75 Crore (previous year ₹ 161.23 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, 2026	March 31, 2025
Opening Balance	491.17	487.07
Addition pursuant to employee stock options	1.69	4.10
Closing Balance	492.86	491.17

During the year, the Bank has issued and allotted 27,29,74,043 warrants by way of preferential allotment on a private placement basis to Asia II Topco XIII Pte. Ltd., on receipt of 25% of the warrant price of ₹ 227 per warrant, aggregating to ₹ 1,549.13 Crore. Each warrant carries the right to subscribe to one fully paid up equity share of the Bank having a face value of ₹ 2 per share, upon exercise, by paying the remaining 75% within 18 months of allotment.

During the year ended March 31, 2026, the Bank has not redeemed unsecured Basel III compliant Tier 2 Bonds. (Previous Year : ₹ 300.00 Crore)

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.federal.bank.in/regulatory-disclosures. The disclosures have not been subjected to audit.

1.1. 2 Reserves and Surplus

i) Statutory Reserve

During the year ended March 31, 2026, the Bank had appropriated ₹ 1,029.33 Crore (previous year: ₹ 1,012.97 Crore) out of profits for the year ended March 31, 2026 to the Statutory Reserve in terms of sections 17 of the Banking Regulation Act, 1949 and RBI guidelines.

ii) Capital Reserve

During the year ended March 31, 2026, the Bank had appropriated ₹ 66.22 Crore (previous year: ₹ 83.55 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.

Additionally, during the year ended March 31, 2026, the Bank has transferred the profit on sale of of equity instruments designated as AFS, net of taxes, amounting to ₹ 143.09 Crore (previous year: Nil) from AFS Reserve to Capital Reserve.

iii) Revenue Reserve

During the year ended March 31, 2026, the Bank had appropriated ₹ 616.21 Crore (previous year: ₹ 606.72 Crore) out of profits for the year ended March 31, 2026 to the Revenue Reserve.

In addition, during the previous 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 was 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.

iv) Investment Fluctuation Reserve

During the year ended March 31, 2026, the Bank had appropriated ₹ 56.40 Crore (previous year: ₹ 151.93 Crore) to Investment Fluctuation Reserve in compliance with Reserve Bank of India (Commercial Banks – Classification, Valuation, and Operation of Investment Portfolio) Directions, 2025.

In addition, during the previous 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 had transferred ₹ 16.24 Crore from Investment Reserve to Investment Fluctuation Reserve.

v) Special Reserve

During the year ended March 31, 2026, the Bank had appropriated ₹ 205.49 Crore (previous year: ₹ 195.65 Crore) out of profits for the year ended March 31, 2026, to the Special Reserve as required under Income Tax Act, 1961.

vi) Foreign Currency Translation Reserve

As at March 31, 2026, the Bank has recognised ₹ (31.16) Crore (previous year: ₹ (22.02) Crore) as Foreign Currency Translation Reserve on account of translation of foreign currency assets and liabilities of non-integral foreign operations.

vii) Employees Stock Options Reserve

During the year ended March 31, 2026, the Bank has recognised ₹ 26.59 Crore (previous year: ₹ 8.49 Crore) as Employees Stock Options Reserve on account of fair valuation of share-linked instruments and an amount of ₹ 0.47 Crore (previous year: ₹ 0.21 Crore) is transferred from Employees Stock Options Reserve to share premium on exercise of share-linked instruments.

viii) AFS Reserve

As at March 31, 2026, in accordance with Reserve Bank of India (Commercial Banks – Classification, Valuation, and Operation of Investment Portfolio) Directions, 2025, the Bank has recognised ₹ 9.52 Crore (previous year: ₹ 226.05 Crore) as AFS Reserve.

ix) Cash Flow Hedge Reserve

As at March 31, 2026, the Bank has recognised ₹ (27.04) Crore (previous year: ₹ 67.91 Crore) 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, 2026 and March 31, 2025.

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

1.2 Investments

1.2.1. Composition of Investment Portfolio

The details of Investments as at March 31, 2026 are as under:

(Amount in ₹ Crore)

Particulars	HTM		AFS	FVTPL		Subsidiaries, Associates & JVs	
	At Cost	Fair Value		HFT	Non-HFT	At Cost	Fair Value
I. Investments in India							
i) Government securities	54,733.06	54,153.52	5,401.98	3,423.00	-		
ii) Other approved securities	-	-	-	-	-		
iii) Shares	-	-	123.10	-	540.62		
iv) Debentures and Bonds	-	-	2,651.85	1,813.49	312.04		
v) Subsidiaries, associates and joint ventures						990.06	3,423.99
vi) Others	-	-	4,497.66	2,028.45	210.17		
Total	**54,733.06**	**54,153.52**	**12,674.59**	**7,264.94**	**1,062.83**	**990.06**	**3,423.99**
Less: Provisions for impairment / NPI	-	-	28.37	-	27.79	-	-
Net	**54,733.06**	**54,153.52**	**12,646.22**	**7,264.94**	**1,035.04**	**990.06**	**3,423.99**
II. Investments outside India							
i) Government securities (including local authorities)	-	-	4.66	-	2.23		
ii) Subsidiaries, associates and joint ventures						-	-
iii) Other investments	-	-	-	-	-		
Total	**-**	**-**	**4.66**	**-**	**2.23**	**-**	**-**
Less: Provisions for impairment / NPI	-	-	-	-	-	-	-
Net	**-**	**-**	**4.66**	**-**	**2.23**	**-**	**-**
Total investments (I+II)	**54,733.06**	**54,153.52**	**12,650.88**	**7,264.94**	**1,037.27**	**990.06**	**3,423.99**

The details of Investments as at March 31, 2025 are as under:

(Amount in ₹ Crore)

Particulars	HTM		AFS	FVTPL		Subsidiaries, Associates & JVs	
	At Cost	Fair Value		HFT	Non-HFT	At Cost	Fair Value
I. Investments in India							
i) Government securities	44,143.44	44,934.2	7,826.94	4,100.86	-		
ii) Other approved securities	-	-	-	-	-		
iii) Shares	-	-	401.13	20.44	481.73		
iv) Debentures and Bonds	-	-	2,412.80	818.30	265.94		
v) Subsidiaries, associates and joint ventures						892.62	2,432.13
vi) Others	-	-	4,270.64	458.46	207.81		
Total	**44,143.44**	**44,934.2**	**14,911.51**	**5,398.06**	**955.48**	**892.62**	**2,432.13**
Less: Provisions for impairment / NPI	-	-	30.38	-	45.25	-	-
Net	**44,143.44**	**44,934.2**	**14,881.13**	**5,398.06**	**910.23**	**892.62**	**2,432.13**
II. Investments outside India							
i) Government securities (including local authorities)	-	-	4.20	-	-		
ii) Subsidiaries, associates and joint ventures						-	-
iii) Other investments	-	-	-	-	15.93		
Total	**-**	**-**	**4.20**	**-**	**15.93**	**-**	**-**
Less: Provisions for impairment / NPI	-	-	-	-	-	-	-
Net	**-**	**-**	**4.20**	**-**	**15.93**	**-**	**-**
Total investments (I+II)	**44,143.44**	**44,934.2**	**14,885.33**	**5,398.06**	**926.16**	**892.62**	**2,432.13**

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

1.2.2. Fair Value hierarchy of investment portfolio measured at fair value on Balance sheet

The details of fair value hierarchy as at March 31, 2026 are as under:

(Amount in ₹ Crore)

Particulars	AFS				FVTPL			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
I. Investments in India								
i) Government securities	5,401.98	-	-	5,401.98	3,423.00	-	-	3,423.00
ii) Other approved securities	-	-	-	-	-	-	-	-
iii) Shares	123.10	-	-	123.10	-	5.00	532.22	537.22
iv) Debentures and Bonds	1,487.73	1,135.75	-	2,623.48	1,900.43	200.72	-	2,101.15
v) Subsidiaries, associates and joint ventures	-	-	-	-	-	-	-	-
vi) Others	805.50	3,692.16	-	4,497.66	2,028.44	-	210.17	2,238.61
Total	**7,818.31**	**4,827.91**	**-**	**12,646.22**	**7,351.87**	**205.72**	**742.39**	**8,299.98**
II. Investments outside India								
i) Government securities (including local authorities)	4.66	-	-	4.66	-	-	-	-
ii) Subsidiaries, associates and joint ventures	-	-	-	-	-	-	-	-
iii) Other investments	-	-	-	-	-	-	2.23	2.23
Total	**4.66**	**-**	**-**	**4.66**	**-**	**-**	**2.23**	**2.23**
Total investments (I+II)	**7,822.97**	**4,827.91**	**-**	**12,650.88**	**7,351.87**	**205.72**	**744.62**	**8,302.21**

The details of fair value hierarchy as at March 31, 2025 are as under:

(Amount in ₹ Crore)

Particulars	AFS				FVTPL			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
I. Investments in India								
i) Government securities	7,826.94	-	-	7,826.94	4,100.86	-	-	4,100.86
ii) Other approved securities	-	-	-	-	-	-	-	-
iii) Shares	401.13	-	-	401.13	20.44	5.00	462.09	487.53
iv) Debentures and Bonds	1,425.49	956.93	-	2,382.42	878.50	178.90	-	1,057.40
v) Subsidiaries, associates and joint ventures	-	-	-	-	-	-	-	-
vi) Others	302.34	3,968.30	-	4,270.64	458.47	-	204.03	662.50
Total	**9,955.90**	**4,925.23**	**-**	**14,881.13**	**5,458.27**	**183.90**	**666.12**	**6,308.29**
II. Investments outside India								
i) Government securities (including local authorities)	4.20	-	-	4.20	-	-	-	-
ii) Subsidiaries, associates and joint ventures	-	-	-	-	-	-	-	-
iii) Other investments	-	-	-	-	14.43	-	1.50	15.93
Total	**4.20**	**-**	**-**	**4.20**	**14.43**	**-**	**1.50**	**15.93**
Total investments (I+II)	**9,960.10**	**4,925.23**	**-**	**14,885.33**	**5,472.70**	**183.90**	**667.62**	**6,324.22**

1.2.3 Net gain / (losses) on Level 3 financial instruments recognised in AFS-Reserve and Profit and Loss Account

(Amount in ₹ Crore)

Particulars	March 31, 2026	March 31, 2025
Recognised in AFS-Reserve	-	-
Recognised in Profit and Loss Account	130.09	141.86

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

1.2.4. Details of sale made out of HTM

(Amount in ₹ Crore)

Sr. No.	Particulars	March 31, 2026	March 31, 2025
i)	Opening carrying value of securities in HTM	44,143.44	48,496.97
ii)	Carrying value of all HTM securities sold during the year	4,281.49	3,660.52
iii)	Less: Carrying values of securities sold under situations exempted from regulatory limit	4,256.29	2,083.96
iv)	Carrying value of securities sold (ii - iii)	25.20	1,576.56
v)	Securities sold as a percentage of opening carrying value of securities in HTM (iv ÷ i)	0.06%	3.25%
vi)	Amount transferred to Capital Reserve in respect of HTM securities which were sold at a gain	54.64	44.02

1.2.5. Reclassification between categories of investments

During the year ended March 31, 2026 and March 31, 2025, the Bank has not reclassified any investments from one category to another.

1.2.6. Movement of Provisions for Investment and Investment Fluctuation Reserve

(Amount in ₹ Crore)

Particulars	March 31, 2026	March 31, 2025
i) Movement of provisions held towards provision on standard investments*		
a) Opening Balance	3.78	438.60
b) Add: Provisions made during the year	38.22	-
c) Less: Write off / (Write back) of excess provisions during the year	3.78	11.29
d) Less: Impact of Transition adjustment – Transfer to General Reserve as per latest RBI guidelines	-	423.53
e) Closing Balance	38.22	3.78
ii) Movement of provisions for non-performing investments (NPIs)		
a) Opening Balance	71.85	75.50
b) Add: Provisions made during the year	-	-
c) Less: Write off / (Write back) of excess provisions during the year	53.91	3.65
d) Closing Balance	17.94	71.85
iii) Movement of Investment Fluctuation Reserve[$]		
Opening balance	425.70	257.53
Add: Amount transferred during the year	56.40	168.17
Less: Drawdown	-	-
Closing Balance	482.10	425.70
iv) Closing balance in IFR as a percentage of closing balance of Investments[#] in AFS and FVTPL (including HFT) category	2.30%	2.00%

* Movement have been reckoned on a yearly basis.

[#] The carrying value less provision held ie, the net amount reflected in Balance Sheet.

[$] Note: As per Reserve Bank of India (Commercial Banks – Classification, Valuation, and Operation of Investment Portfolio) Directions, 2025, 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, 2026, the Bank is maintaining an IFR of ₹ 482.10 Crore (previous year: ₹ 425.70 Crore) and considered it as part of Tier II capital for capital adequacy purposes.

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

1.2.7. Details of Non-SLR investment portfolio

1.2.7.A. Non-performing Non-SLR investments

(Amount in ₹ Crore)

Sr. No.	Particulars	March 31, 2026	March 31, 2025
i)	Opening Balance	71.85	75.50
ii)	Additions during the year	-	-
iii)	Reductions during the year	53.91	3.65
iv)	**Closing Balance**	**17.94**	**71.85**
v)	**Total Provisions held**	**17.94**	**71.85**

1.2.7.B. Issuer composition as at March 31, 2026 of Non-SLR investments

(Amount in ₹ Crore)

Sr. 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)
i)	Public Sector Undertakings	19.75	19.75	-	-	-
ii)	Financial Institutions	4,263.59	3,020.38	-	-	-
iii)	Banks	2,168.78	532.95	-	-	-
iv)	Private Corporates	1,822.94	1,020.91	-	-	5.00
v)	Subsidiaries / Joint ventures	990.06	990.06	-	-	5.00
vi)	Others*	3,909.21	1,525.16	-	-	-
vii)	Less: Provision held towards standard investments	38.22				
viii)	Less: Provision held towards non-performing investments	17.94				
	Total	**13,118. 17**	**7,109.21**	**-**	**-**	**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 ₹ 4.66 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, 2025 of Non-SLR investments

(Amount in ₹ Crore)

Sr. 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)
i)	Public Sector Undertakings	73.48	73.48	-	-	-
ii)	Financial Institutions	2,005.86	1,689.13	-	-	-
iii)	Banks	1,193.65	988.55	-	-	-
iv)	Private Corporates	1,875.82	1,039.77	-	-	5.00
v)	Subsidiaries / Joint ventures	892.62	892.62	-	-	5.00
vi)	Others*	4,208.57	2,176.16	-	-	-
vii)	Less: Provision held towards standard investments	3.78				
viii)	Less: Provision held towards non-performing investments	71.85				
	Total	**10,174.37**	**6,859.71**	**-**	**-**	**10.00**

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

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.

1.2.8. Repo Transactions

Details of securities sold/purchased during the year ended March 31, 2026 under repos/reverse repos:

(Amount in ₹ Crore)

Particulars	Outstanding during the year						Outstanding as on March 31, 2026	
	Minimum		Maximum		Daily Average			
	FV	MV	FV	MV	FV	MV	FV	MV
A.1 Securities sold under RBI Repo								
a) Government Securities	-	-	2,969.47	3,020.62	189.04	193.12	2,446.47	2,442.60
b) Corporate Debt Securities	-	-	-	-	-	-	-	-
c) Any other securities	-	-	-	-	-	-	-	-
A.2 Securities purchased under RBI Reverse Repo								
a) Government Securities	-	-	2,988.26	2,978.26	59.60	60.89	-	-
b) Corporate Debt Securities	-	-	-	-	-	-	-	-
c) Any other securities	-	-	-	-	-	-	-	-
B.1 Securities sold under Market Repo								
a) Government Securities	-	-	3,282.12	3,397.12	1,101.74	1,131.42	1,185.00	1,151.57
b) Corporate Debt Securities	-	-	-	-	-	-	-	-
c) Any other securities	-	-	-	-	-	-	-	-
B.2 Securities purchased under Reverse Market Repo								
a) Government Securities	-	-	2,668.85	2,693.95	510.02	513.54	-	-
b) Corporate Debt Securities	-	-	-	-	-	-	-	-
c) Any other securities	-	-	-	-	-	-	-	-
C.1 Securities sold under TREPS								
a) Government Securities	-	-	4,149.19	4,135.28	1,896.51	2,026.47	3,297.42	3,237.28
b) Corporate Debt Securities	-	-	-	-	-	-	-	-
c) Any other securities	-	-	-	-	-	-	-	-
C.2 Securities purchased under TREPS								
a) Government Securities	-	-	1,580.26	1,577.93	53.28	55.81	-	-
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, 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	-	-	-	-	-	-	-	-

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

(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.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	-	-	-	-	-	-	-	-
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*

1.2.9. Government Security Lending (GSL) transactions

During the years ended March 31, 2026 and March 31, 2025, 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 Details of derivative portfolio

(Amount in ₹ Crore)

Particulars	March 31, 2026			March 31, 2025		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Interest Rate Derivatives						
MTM – Assets	-	2,499.68	-	-	7,119.61	-
MTM – Liabilities	-	2,330.19	-	-	7,110.94	-
Net Gain / (Loss) recognised in Profit & Loss Account	-	169.49	-	-	8.67	-
Exchange Rate Derivatives						
MTM – Assets	0.35	879.42	-	-	283.18	-
MTM – Liabilities	0.35	1,700.60	-	-	453.73	-
Net Gain / (Loss) recognised in Profit & Loss Account	-	(821.18)	-	-	(170.55)	-
Credit Risk Derivatives						
MTM – Assets	-	-	-	-	-	-
MTM – Liabilities	-	-	-	-	-	-
Net Gain / Loss recognised in Profit & Loss Account	-	-	-	-	-	-

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

1.3.2. 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)

Sr. No.	Particulars	March 31, 2026	March 31, 2025
i)	The notional principal of swap agreements	1,06,381.01	58,005.71
ii)	Losses which would be incurred if counter parties failed to fulfil their obligations under the agreements	205.57	69.76
iii)	Collateral required by the Bank upon entering into swaps	-	-
iv)	Concentration of credit risk arising from the swaps	731.03	648.13
v)	The fair value of the swap book	169.49	(8.67)

The nature and terms of the IRS as on March 31, 2026 are set out below:

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	2,311	₹ 46,661.91 Crore	Fixed v/s ON MIBOR	Fixed payable v/s floating receivable
Trading	2,261	₹ 44,480.97 Crore	ON MIBOR v/sFixed	Floating Payable v/s Fixed Receivable
Hedging	95	₹ 9,747.15 Crore	ON MIBOR v/s Fixed	Floating Payable v/s Fixed Receivable
Trading	5	₹ 426.76 Crore	Fixed v/s USD-TermSOFR-1M	Fixed payable v/s floating receivable
Trading	5	₹ 426.76 Crore	USD-TermSOFR-1M v/s Fixed	Floating Payable v/s Fixed Receivable
Trading	3	₹ 248.74 Crore	IN-FIM-TBILL1M v/s Fixed	Floating Payable v/s Fixed Receivable
Trading	3	₹ 311.31 Crore	INMOIS1MNW v/s Fixed	Floating Payable v/s Fixed Receivable
Trading	2	₹ 248.74 Crore	Fixed v/s IN-FIM-TBILL1M	Fixed payable v/s floating receivable
Trading	2	₹ 311.31 Crore	Fixed v/s INMOIS1MNW	Fixed payable v/s floating receivable
Trading	2	₹ 226.71 Crore	INMOIS6MNW v/s Fixed	Floating Payable v/s Fixed Receivable
Trading	1	₹ 226.71 Crore	Fixed v/s INMOIS6MNW	Fixed payable v/s floating receivable
Trading	1	₹ 50.00 Crore	Fixed v/s IN-FIM-TBILL3M	Fixed payable v/s floating receivable
Trading	1	₹ 50.00 Crore	IN-FIM-TBILL3M v/s Fixed	Floating Payable v/s Fixed Receivable

The nature and terms of Forward Rate Agreement as at March 31, 2026 are set out below.

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	67	₹ 2,963.94 Crore	FBIL yield	Sell FRA

The nature and terms of the IRS as on March 31, 2025 are set out below:

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	1,202	₹ 24,065.00 Crore	MIOIS	Fixed payable v/s floating receivable
Trading	1,141	₹ 22,360.00 Crore	MIOIS	Fixed receivable v/s floating payable
Hedging	80	₹ 8,085.72 Crore	MIOIS	Fixed receivable v/s floating payable
Trading	5	₹ 384.64 Crore	Fixed v/s 1M SOFR	Fixed payable v/s floating receivable
Trading	2	₹ 55.56 Crore	Fixed v/s ON SOFR	Fixed payable v/s floating receivable
Trading	1	₹ 46.05 Crore	Fixed v/s ON STR	Fixed payable v/s floating receivable
Trading	5	₹ 384.64 Crore	Fixed v/s 1M SOFR	Fixed receivable v/s floating payable
Trading	1	₹ 64.10 Crore	Fixed v/s ON SOFR	Fixed receivable v/s floating payable

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

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

1.3.3.A. Exchange Traded Interest Rate Derivatives:

(Amount in ₹ Crore)

Sr. No.	Particulars	As at March 31, 2026	As at March 31, 2025
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year	-	-
	a) 6.48 GOI 2035 (NSE)	282.48	-
	b) 6.33 GOI 2035 (NSE)	632.12	-
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"	-	-

1.3.3.B. The Bank had dealt in exchange traded currency futures during the financial year ended March 31, 2026 and March 31, 2025. As at March 31, 2026, the notional principal amount outstanding on open contracts is Nil (previous year: Nil).

1.3.3.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.

1.3.4. Disclosure on Risk exposure in Derivatives

A. 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.

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

Quantitative Disclosures

(Amount in ₹ Crore)

Sr. No.	Particulars	Currency Derivatives#		Interest rate Derivatives	
		March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
i)	Derivatives (Notional Principal Amount)				
	a) For hedging	-	-	9,747.15	8,085.72
	b) For trading	29,699.81	26,326.96	96,633.85	49,919.99
ii)	Marked to Market positions				
	a) Asset (+)	879.77	283.18	2,499.68	7,119.61
	b) Liabilities (-)	1,700.95	453.73	2,330.19	7,110.94
iii)	Credit Exposure	1,481.10	1,563.31	731.03	648.13
iv)	Likely impact of one percentage change in interest rate (100*PV01)				
	a) on hedging derivatives	-	-	122.83	133.78
	b) on trading derivatives	0.66	-	310.62	316.55
v)	Maximum and Minimum of 100*PV01 observed during the year				
	a) on hedging	-	-	Max = 133.83	Max = 169.25
		-	-	Min = 71.34	Min = 8.92
	b) on trading	Max = 1.62	-	Max = 422.67	Max = 346.25
		Min = 0.65	-	Min = 285.58	Min = 171.15

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, 2026 amounting to ₹ 5,136.27 Crore (previous year ₹ 2,441.51 Crore) and ₹ 1,09,014.86 Crore (previous year ₹ 80,366.74 Crore) respectively. For the trading contract, as at March 31, 2026 the marked to market position was asset of ₹ 3,349.09 Crore and liability of ₹ 2,563.20 Crore (previous year asset ₹ 514.52 Crore and liability of ₹ 603.38 Crore). Credit exposure on forward exchange contracts classified as Hedging and Trading as at March 31, 2026 amounting to ₹ 65.27 Crore (previous year ₹ 53.70 Crore) and ₹ 4,730.69 Crore (previous year ₹ 4,577.49 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.
- 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.

1.3.5. Credit default swaps: The Bank has not undertaken any transactions in Credit Default Swaps (CDS) during the years ended March 31, 2026 and March 31, 2025.

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

1.4. Asset Quality

1.4.1.A Classification of advances and provisions held as on March 31, 2026

(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	2,33,758.90	1,404.67	2,477.83	493.04	4,375.54	2,38,134.44
Add: Additions during the year					2,171.24	
Less: Reductions during the year*					2,211.49	
Closing balance	2,64,033.74	1,688.95	2,159.88	486.46	4,335.29	2,68,369.03
*Reductions in Gross NPAs due to:						
(i) Upgradation					230.42	
(ii) Recoveries (excluding recoveries from upgraded accounts)					713.14	
(iii) Technical / Prudential write offs					1,194.23	
(iv) Write-offs other than those under (iii) above					73.70	
(v) Reduction by Sale of Assets to ARCs					-	
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	1,187.66	735.63	2,000.20	493.04	3,228.87	4,416.53
Add: Fresh provisions made during the year					1,756.87	
Less: Excess provision reversed/ Write-off loans					1,736.22	
Closing balance of provisions held	1,275.66	1,018.71	1,744.35	486.46	3,249.52	4,525.18
Net NPAs#						
Opening Balance		669.04	371.34	-	1,040.38	
Add: Fresh additions during the year					420.89	
Less: Reductions during the year					476.06	
Less: Impact of fresh floating provision					455.96	
Closing Balance		426.03	103.22	-	529.25	
Floating Provisions						
Opening Balance						81.93
Add: Additional provisions made during the year						455.96
Less: Amount drawn down during the year						-
Closing balance of floating provisions						537.89
Technical write-offs and the recoveries made thereon						
Opening balance of Technical/ Prudential written-off accounts						3,233.54
Add: Technical/ Prudential write-offs during the year						1,194.23
Add: Change in balance of existing technically written off account due to exchange rate / others						34.83
Less: Recoveries made from previously technical/ prudential written-off accounts during the year						182.77
Less: Sacrifice made from previously technical/ prudential written-off accounts during the year						21.42
Closing balance						4,258.41

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.

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

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	2,08,093.79	1,145.95	2,865.77	517.15	4,528.87	2,12,622.66
Add: Additions during the year					1,847.13	
Less: Reductions during the year*					2,000.46	
Closing balance	2,33,758.90	1,404.67	2,477.83	493.04	4,375.54	2,38,134.44
*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
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
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.

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

1.4.1. B. Significant Ratios

(in %)

Sr. No.	Particulars	March 31, 2026	March 31, 2025
i)	Gross non-performing assets as a percentage of gross advances	1.62	1.84
ii)	Net non-performing assets as a percentage of net advances.	0.20	0.44
iii)	Provision Coverage Ratio (Including Technical write-offs)	93.84	86.33
iv)	Provision Coverage Ratio (Excluding Technical write-offs)	87.07	75.37

1.4.2. Sector-wise Advances and Gross NPAs

(Amount in ₹ Crore)

Sr. No.	Sector	March 31, 2026			March 31, 2025		
		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	28,096.65	958.65	3.41	30,793.47	811.10	2.63
2.	Advances to industries sector eligible as priority sector lending	21,954.58	624.56	2.84	17,421.28	690.58	3.96
	Of which:						
	Food Processing	*3,348.07*	*150.05*	*4.48*	*3,254.14*	*188.92*	*5.81*
	Infrastructure	*4,868.78*	*180.04*	*3.70*	*3,511.95*	*180.74*	*5.15*
	Textiles	*3,451.84*	*88.50*	*2.56*	*2,826.18*	*72.16*	*2.55*
3.	Services	32,910.65	664.44	2.02	23,004.63	575.31	2.50
	Of which:						
	Financial Intermediation	*6,424.60*	*12.93*	*0.20*	*5,934.73*	*5.74*	*0.10*
	Real Estate	*3,974.76*	*0.93*	*0.02*	*2,408.40*	*3.33*	*0.14*
	Trade	*9,245.05*	*288.98*	*3.13*	*7,105.24*	*242.34*	*3.41*
4.	Personal loans	5,322.55	166.60	3.13	2,845.06	199.94	7.03
	Of which:						
	Education Loans#	*225.59*	*7.48*	*3.32*	*348.03*	*111.16*	*31.94**
	Housing Loans	*5,045.27*	*159.12*	*3.15*	*2,461.00*	*88.78*	*3.61*
	Sub-total (A)	**88,284.43**	**2,414.25**	**2.73**	**74,064.44**	**2,276.93**	**3.07**
B	**Non-Priority Sector**						
1.	Agriculture and allied activities	1,275.07	90.83	7.12	1,183.47	44.03	3.72
2.	Industry	42,370.35	213.52	0.50	38,800.36	168.41	0.43
	Of which:						
	Infrastructure	*15,429.59*	*26.96*	*0.17*	*14,209.64*	*39.46*	*0.28*
3.	Services	51,470.19	365.71	0.71	48,080.02	354.22	0.74
	Of which:						
	Financial Intermediation	*19,191.11*	*7.38*	*0.04*	*18,860.74*	*6.52*	*0.03*
	Real Estate	*7,186.76*	*18.61*	*0.26*	*6,429.02*	*23.18*	*0.36*
	Trade	*10,439.85*	*158.21*	*1.52*	*8,544.92*	*167.10*	*1.96*
4.	Personal loans	84,968.99	1,250.98	1.47	76,006.15	1,531.95	2.02
	Of which:						
	Housing Loans	*26,167.40*	*346.53*	*1.32*	*28,143.46*	*418.06*	*1.49*
	Loans against Properties	*16,765.57*	*198.11*	*1.18*	*14,415.01*	*229.46*	*1.59*
	Vehicle/Auto Loans	*9,200.67*	*135.95*	*1.48*	*8,973.39*	*111.12*	*1.24*
	Sub-total (B)	**1,80,084.60**	**1,921.04**	**1.07**	**1,64,070.00**	**2,098.61**	**1.28**
	Total (A+B)	**2,68,369.03**	**4,335.29**	**1.62**	**2,38,134.44**	**4,375.54**	**1.84**

* Net NPA % of Education loan as on March 31, 2025 is 2.86%

Outstanding advances do not exceed 10% of the total outstanding advances to that sector in FY 2026.

Note: 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.

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

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, 2026 and March 31, 2025. Details of Assets, NPAs and Revenue of IBU are given below:

(Amount in ₹ Crore)

Sr. No.	Particulars	March 31, 2026	March 31, 2025
i)	Total Assets	6,763.37	3,667.56
ii)	Total NPAs	-	-
iii)	Total Revenue	239.68	236.37

1.4.4. Particulars of resolution plan and restructuring

1.4.4.A. Resolution Plan (RP) implemented under 'Prudential Framework for Resolution of Stressed Assets' issued vide Reserve Bank of India (Commercial Banks – Resolution of Stressed Assets) Directions, 2025

Sr. No.	Particulars	March 31, 2026	March 31, 2025
i)	Resolution Plan implemented during the year	1	-
ii)	Amount (₹ in crore)	15.13	-

1.4.4.B. 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.

Sr. No.	Particulars	March 31, 2026	March 31, 2025
i)	Number of accounts restructured	491	738
ii)	Amount outstanding (₹ in Crore)	246.88	374.60

1.4.5. Divergence in Asset classification and Provisioning for NPAs

The divergence observed by RBI for the financial years 2024-25 and 2023-24 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.

1.4.6. Transfer of Loan Exposures

i) Details of loans not in default acquired through assignment during the year ended March 31, 2026 and March 31, 2025 are given below:

Sr. No.	Particulars	March 31, 2026	March 31, 2025
i)	Aggregate amount of loans acquired (₹ in Crore)	325.00	856.16
ii)	Weighted average residual maturity (in years)	15.06	4.51
iii)	Weighted average holding period by originator (in years)	1.75	1.03
iv)	Retention of beneficial economic interest by the originator (₹ in Crore)	719.30	492.86
v)	Tangible security coverage	80.47%	115.82%
vi)	Rating-wise distribution of rated loans	38.46% (AA)	11.80% (A1+)
		61.54% (AA+)	88.20% (Unrated)

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

ii) Details of non-performing assets (NPAs) (excluding prudentially written off advances) transferred during the year ended March 31, 2026 and March 31, 2025 are given below:

(Amount in ₹ Crore except number of accounts)

Sr. No.	Particulars	To ARCs		To permitted transferees		To other transferees	
		March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
i)	Number of accounts	-	5	-	-	-	-
ii)	Aggregate principal outstanding of loans transferred	-	55.23	-	-	-	-
iii)	Weighted average residual tenor of the loans transferred (in years)	-	-	-	-	-	-
iv)	Net book value of loans transferred (at the time of transfer)	-	*	-	-	-	-
v)	Aggregate consideration	-	12.50	-	-	-	-
vi)	Additional consideration realized in respect of accounts transferred in earlier years	-	-	-	-	-	-
vii)	Provisions reversed to the Profit and Loss Account on account of sale of stressed loans	-	12.50	-	-	-	-

*Denotes less than 1 Lakh

iii) During the years ended March 31, 2026 and March 31, 2025, the Bank has not acquired any stressed loans and not transferred any loan not in default / Special Mention Accounts (SMA).

iv) During the year ended March 31, 2026, 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: Nil).

Details of the recovery ratings assigned to Security Receipts Outstanding are given below:

As on March 31, 2026

(Amount in ₹ Crore)

Rating	Recovery Rating	Gross Book Value	Provision held	Net Book Value
RR1	100%-150%	4.39	-	4.39

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

1.4.7. Co-lending Arrangements

(Amount in ₹ Crore)

Sr. No.	Particulars	March 31, 2026
i)	Number of CLA Partners	3
ii)	Number of outstanding cases	76,596
iii)	Quantum of CLAs	191.87
iv)	Weighted average rate of interest (%)	25.95
v)	Fees charged / paid	22.76
vi)	Broad sectors	Agriculture & Business Loans
vii)	Performance of loans - STD	147.38
	Performance of loans - NPA	44.50
viii)	Default loss Guarantee	-

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

1.4.8. Non-Fund Based (NFB) Credit Facilities

(Amount in ₹ Crore)

Particulars		March 31, 2026		March 31, 2025	
		Secured portion	Unsecured portion	Secured portion	Unsecured portion
I	Outstanding Guarantees	6,426.12	10,360.08	4,922.41	10,661.87
	• In India	6,426.12	10,360.08	4,922.41	10,661.87
	• Outside India	-	-	-	-
II	Acceptances, Endorsements and other Obligations	-	2,809.38	-	2,068.44
III	Other NFB Credit facilities	858.59	1,719.88	326.48	1,439.99

1.4.9. Fraud accounts and Provisioning

(Amount in ₹ Crore except number of frauds)

Sr. No.	Particulars	March 31, 2026	March 31, 2025
i)	Number of frauds reported during the year	510	3,803
ii)	Amount involved in fraud	207.46	79.24
iii)	Amount involved in fraud net of recoveries/write offs/unrealised interest as at the end of the year requiring provision	123.42	47.01
iv)	Provision made during yesteryears for the above accounts	22.00	26.21
v)	Provision made during the year	101.42	20.80
vi)	Provision held as at the end of the year for the above accounts	123.42	47.01
vii)	Amount of unamortised provision debited from "other reserves" as at the end of the year.	-	-

1.4.10. Project Finance

Sr. No.	Particulars	March 31, 2026		December 31, 2025	
		Number of accounts	Total outstanding (₹ in Crore)*	Number of accounts	Total outstanding (₹ in Crore)**
1	Projects under implementation accounts at the beginning of the quarter.	118#	2,681.72	128	2,696.35
2	Projects under implementation accounts sanctioned during the quarter.	13	412.26	1	8.00
3	Projects under implementation accounts where DCCO has been achieved during the quarter.	27@	423.35	18	237.31
4	Projects under implementation accounts at the end of the quarter. (1+2-3)	104	2,670.63	111	2,467.04
5	Out of '4' – accounts in respect of which resolution process involving extension in original / extended DCCO, as the case may be, has been invoked.	41	791.12	29	713.28
5.1	Out of '5' – accounts in respect of which Resolution plan has been implemented.	41	791.12	29	713.28
5.2	Out of '5' – accounts in respect of which Resolution plan is under implementation.	-	-	-	-
5.3	Out of '5' – accounts in respect of which Resolution plan has failed.	-	-	-	-

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

Sr. No.	Particulars	March 31, 2026		December 31, 2025	
		Number of accounts	Total outstanding (₹ in Crore)*	Number of accounts	Total outstanding (₹ in Crore)**
6	Out of '5', accounts in respect of which resolution process involving extension in original / extended DCCO, as the case may be, has been invoked due to change in scope and size of the project.	-	-	-	-
7	Out of '5', account in respect of which cost overrun associated with extension in original / extended DCCO, as the case may be, was funded.	2	2.31	-	-
7.1	Out of '7', accounts where SBCF was sanctioned during financial closure and renewed continuously.	-	-	-	-
7.2	Out of '7', accounts where SBCF was not pre-sanctioned or renewed continuously.	-	-	-	-
8	Out of '4' – accounts in respect of which resolution process not involving extension in original / extended DCCO, as the case may be, has been invoked.	-	-	-	-
8.1	Out of '8' – accounts in respect of which Resolution plan has been implemented.	-	-	-	-
8.2	Out of '8' – accounts in respect of which Resolution plan is under implementation.	-	-	-	-
8.3	Out of '8' – accounts in respect of which Resolution plan has failed.	-	-	-	-

*represents balance outstanding as on March 31, 2026.

** represents balance outstanding as on December 31, 2025

includes 7 accounts identified as project finance during the quarter.

@ includes 3 accounts closed during the quarter.

1.4.11. 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, 2026

(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, 2025 (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, 2026[1],[3]
Personal Loans	936.53	16.53	-	105.54	822.32
Corporate persons	27.70	-	-	7.23	20.47
Of which MSMEs	-	-	-	-	-
Others	75.65	0.10	-	11.46	64.58
Total	**1,039.88**	**16.63**	**-**	**124.23**	**907.37**

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

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, 2026.

During the half year ended September 30, 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 March 31, 2025 (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, 2025 [1][3]
Personal Loans	1,055.64	34.39	-	101.06	936.53
Corporate persons	29.99	-	-	2.29	27.70
Of which MSMEs	-	-	-	-	-
Others	98.46	1.31	-	21.50	75.65
Total	**1,184.09**	**35.70**	**-**	**124.85**	**1,039.88**

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, 2025.

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.

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

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.

1.4.12. Securitisation Transactions

The Bank has not sold standard assets under securitisation during the year ended March 31, 2026 and March 31, 2025.

1.4.13. 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, 2026 and March 31, 2025.

1.4.14. Movement of Provision on Standard Assets

(Amount in ₹ Crore)

Particulars	March 31, 2026	March 31, 2025
(a) Opening balance	1,200.41	1,246.41
(b) Additions during the year	110.00	18.00
(c) Deduction during the year	22.00	64.00
(d) Closing balance *	**1,288.41**	**1,200.41**

Note: Movement is the aggregate of quarterly movement during the year.

* Includes Provision held towards Unhedged Foreign Currency Exposure of Customers amounting ₹ 71.89 Crore (previous year: ₹ 71.42 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, 2026

(Amount in ₹ Crore)

Maturity Pattern	Deposits	Advances	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Day 1	3,762.38	1,734.32	14,458.94	-	2,139.56	550.26
2 – 7 days	7,008.14	1,534.26	-	7,012.13	6,958.52	60.54
8-14 days	5,573.73	1,448.23	1,208.90	468.86	1,082.62	1,046.75
15-30 days	4,725.26	3,214.42	1,570.19	1,032.09	563.89	664.77
31 days & up to 2 months	8,663.25	6,103.56	2,548.07	705.32	1,521.31	1,007.47
Over 2 months & up to 3 months	9,620.91	8,633.87	631.87	946.52	861.22	853.82
Over 3 months & up to 6 months	25,550.21	19,000.50	6,130.20	1,601.76	1,911.57	1,935.91
Over 6 months & up to 1 year	53,169.82	22,426.18	3,272.74	2,498.94	1,185.82	4,334.26
Over 1 year & up to 3 years	1,41,386.28	1,32,042.15	12,113.87	3,328.80	2,328.12	3,344.57
Over 3 years & up to 5 years	25,905.76	29,803.03	15,584.30	369.71	881.91	279.12
Over 5 years	28,543.65	38,653.85	19,157.13	3,195.00	117.87	-
Total	**3,13,909.39**	**2,64,594.37**	**76,676.21**	**21,159.13**	**19,552.41**	**14,077.47**

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 and up to 2 months	10,370.98	7,020.87	2,550.80	360.67	919.60	670.59
Over 2 months and up to 3 months	10,812.79	8,266.16	1,100.93	2,486.44	856.34	1,239.16
Over 3 months and 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 and up to 1 year	53,358.90	26,105.31	4,489.32	2,372.84	526.52	3,903.11
Over 1 year and up to 3 years	1,23,373.19	1,07,178.21	11,654.62	3,240.00	1,017.78	691.02
Over 3 years and 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	**2,83,647.47**	**2,34,836.39**	**66,245.61**	**23,726.30**	**16,274.36**	**10,422.79**

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, 2026:

(Amount in ₹ Crore)

Particulars	Quarter ended March 31, 2026		Quarter ended December 31, 2025		Quarter ended September 30, 2025		Quarter ended June 30, 2025	
	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)**	**56,509.39**	**56,306.91**	**55,990.85**	**55,796.90**	**57,693.01**	**57,503.27**	**56,633.23**	**56,430.05**
Cash outflows								
2 Retail deposits and deposits from small business customers, of which:	2,15,185.74	20,556.41	2,15,466.05	20,575.58	2,10,065.12	20,063.44	2,04,818.73	19,563.72
(i) Stable deposits	19,243.36	962.17	19,420.41	971.02	18,861.46	943.07	18,362.99	918.15
(ii) Less stable deposits	1,95,942.38	19,594.24	1,96,045.64	19,604.56	1,91,203.66	19,120.37	1,86,455.74	18,645.57
3 Unsecured wholesale funding, of which:	43,413.36	29,247.93	40,443.58	27,127.50	40,261.22	26,998.34	38,961.49	25,826.99

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

(Amount in ₹ Crore)

Particulars		Quarter ended March 31, 2026		Quarter ended December 31, 2025		Quarter ended September 30, 2025		Quarter ended June 30, 2025	
		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)
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	43,413.36	29,247.93	40,443.58	27,127.50	40,261.22	26,998.34	38,961.49	25,826.99
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4	Secured wholesale funding	4,449.18	-	4,825.56	-	1,897.21	-	2,111.45	-
5	Additional requirements, of which	1,027.45	1,027.45	763.46	763.46	640.59	640.59	461.90	461.90
(i)	Outflows related to derivative exposures and other collateral requirements	1,027.45	1,027.45	763.46	763.46	640.59	640.59	461.90	461.90
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	80,608.95	9,522.21	77,404.77	9,649.20	73,951.39	8,921.30	71,859.31	9,685.54
7	Other contingent funding obligations	21,216.70	636.50	21,005.36	630.17	21,219.73	636.59	20,321.61	609.65
8	**TOTAL CASH OUTFLOWS**	**3,65,901.39**	**60,990.50**	**3,59,908.78**	**58,745.91**	**3,48,035.25**	**57,260.26**	**3,38,534.49**	**56,147.80**
Cash Inflows									
9	Secured lending (e.g. reverse repos)	475.81	-	630.94	-	880.78	-	748.75	-
10	Inflows from fully performing exposures	17,096.91	13,298.20	16,633.48	13,132.12	16,053.35	12,526.61	17,278.05	13,180.32
11	Other cash inflows	720.09	720.09	568.36	568.36	466.70	466.70	361.82	361.82
12	**TOTAL CASH INFLOWS**	**18,292.81**	**14,018.29**	**17,832.78**	**13,700.48**	**17,400.83**	**12,993.31**	**18,388.62**	**13,542.14**
			Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13	**TOTAL HQLA**		**56,306.91**		**55,796.90**		**57,503.27**		**56,430.05**
14	**TOTAL NET CASH OUTFLOWS**		**46,972.21**		**45,045.43**		**44,266.95**		**42,605.66**
15	**LIQUIDITY COVERAGE RATIO (%)**		**119.87%**		**123.87%**		**129.90%**		**132.45%**

Note: LCR data has been computed based on simple average of daily observations.

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)**	**54,784.23**	**54,586.19**	**53,666.82**	**53,407.95**	**52,382.19**	**52,112.02**	**50,236.01**	**49,915.78**
Cash outflows									
2	Retail deposits and deposits from small business customers, of which:	1,96,188.76	18,736.36	1,93,080.54	18,439.56	1,89,809.00	18,127.04	1,82,756.83	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	1,78,538.42	17,853.84	1,75,710.71	17,571.07	1,72,731.76	17,273.18	1,66,091.70	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	3,336.36	-	6,498.08	-	5,570.87	-	4,230.77	-
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**	**3,21,824.98**	**52,004.02**	**3,26,649.68**	**58,940.64**	**3,18,241.23**	**57,284.42**	**3,08,032.68**	**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.

b) Qualitative Disclosure

As at March 31, 2026

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. 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 for the days in each quarter. 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 an 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 of Directors.

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.

1.5.3. Net Stable Funding ratio (NSFR)

In accordance with RBI Guidelines banks are required to make Net Stable Funding Ratio (NSFR) and Consolidated Pillar 3 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.federal.bank.in/regulatory-disclosures. The disclosures have not been subjected to audit.

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

1.6. Exposures

1.6.1. Exposure to Real Estate Sector

(Amount in ₹ Crore)

Category	March 31, 2026	March 31, 2025
i) Direct Exposure:		
a) Residential Mortgages:		
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;	34,155.93	33,839.22
(of which individual housing loans eligible for inclusion in Priority sector advances).	(5,165.68)	(2,509.20)
b) Commercial Real Estate:	16,301.43	13,157.43
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;		
c) Investments in Mortgage Backed Securities (MBS) and other securitized exposures –		
i. Residential	-	-
ii. Commercial Real Estate	-	-
ii) Indirect Exposure:		
Fund based and non-fund-based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	3,954.09	4,160.44
Total Exposure to Real Estate sector (i + ii)	**54,411.45**	**51,157.09**

1.6.2. Exposure to Capital Market

(Amount in ₹ Crore)

Particulars	March 31, 2026	March 31, 2025
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;	306.00	589.36
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;	0.69	1.22
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;	731.74	598.40
v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	2,578.82	1,910.15
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;	-	-

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

(Amount in ₹ Crore)

Particulars	March 31, 2026	March 31, 2025
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)	291.79	255.09
Total Exposure to Capital Market	**3,909.04**	**3,354.22**

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)

Sr. No.	Risk category*	Exposure (net) As at March 31, 2026	Provision held As at March 31, 2026	Exposure (net) As at March 31, 2025	Provision held As at March 31, 2025
i)	Insignificant	4,805.10	-	1,863.25	-
ii)	Low	786.59	-	1,578.12	-
iii)	Moderately low	15.06	-	273.32	-
iv)	Moderate	47.80	-	29.70	-
v)	Moderately high	39.54	-	-	-
vi)	High	-	-	-	-
vii)	Very High	-	-	-	-
	Total	**5,694.09**	**-**	**3,744.39**	**-**

* 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. Unsecured Advances: During the years ended March 31, 2026 and March 31, 2025 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.

1.6.5. Factoring exposure: The factoring exposure of the Bank as on March 31, 2026 is ₹ 4,822.06 Crore (previous year: ₹ 4,023.92 Crore)

1.6.6. Details of Intra-Group Exposure

(Amount in ₹ Crore)

Sr. No.	Particulars	March 31, 2026	March 31, 2025
1	Total amount of intra-group exposures*	1,382.83	1,135.83
2	Total amount of top-20 intra group exposures*	1,382.83	1,135.83
3	Percentage of intra group exposures to total exposure of the Bank to borrowers/ customers *	0.35%	0.33%
4	Details of breach of limits on intra-group exposures and regulatory action thereon if any	-	-

* Exposure is computed in line with RBI Master Direction on Concentration Risk Management dated November 28, 2025.

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

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 ₹ 71.89 Crore (previous year ₹ 71.42 Crore) as provision and ₹ 154.59 Crore (previous year ₹ 150.36 Crore) as additional capital for computation of capital adequacy ratio on account of the unhedged foreign currency exposures of borrowers.

1.6.8. During the years ended March 31, 2026 and March 31, 2025, the Bank's credit exposure to single borrower and group borrowers was within the prudential exposure limits prescribed by RBI.

1.7. Concentration of Deposits, Advances, Exposures and NPAs

1.7.1. Concentration of deposits:

(Amount in ₹ Crore)

Particulars	March 31, 2026	March 31, 2025
Total deposits of twenty largest depositors	14,585.10	13,759.19
Percentage of deposits of twenty largest depositors to total deposits of the Bank	4.65%	4.85%

Note: Excludes holders of certificate of deposits which are tradable instruments.

1.7.2. Concentration of advances:

(Amount in ₹ Crore)

Particulars	March 31, 2026	March 31, 2025
Total advances to the twenty largest borrowers	26,075.81	25,813.99
Percentage of advances to the twenty largest borrowers to total advances of the Bank	6.81%	7.64%

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. Concentration of exposures:

(Amount in ₹ Crore)

Particulars	March 31, 2026	March 31, 2025
Total exposures to the twenty largest borrowers/customers	27,650.55	26,998.05
Percentage of exposures to the twenty largest borrowers/customers to the total exposure of the Bank on borrowers/customers	6.98%	7.75%

Note: Exposure is computed in line with RBI Master Direction on Concentration Risk Management dated November 28, 2025.

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

1.7.4. Concentration of NPAs:

(Amount in ₹ Crore)

Particulars	March 31, 2026	March 31, 2025
Total exposures to the top twenty NPA accounts*	322.22	326.68
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs.	7.43%	7.47%

* 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 during the year are set out below:

(Amount in ₹ Crore)

Particulars	March 31, 2026	March 31, 2025
Opening balance of amounts transferred to DEA Fund	339.18	309.87
Add: Amounts transferred to DEA Fund during the year	68.28	37.80
Less: Amounts reimbursed by DEA Fund towards claims	9.43	8.49
Closing balance of amounts transferred to DEA Fund	398.03	339.18

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

1.9.A. Summary information on complaints received by the Bank from customers and from the Offices of Ombudsman

Sr. No.	Particulars	March 31, 2026	March 31, 2025
Complaints received by the Bank from its customers			
1	Number of complaints pending at beginning of the year	5,005	6,657
2	Number of complaints received during the year	1,68,101	1,74,310
3	Number of complaints disposed during the year	1,70,175	1,75,962
	3.1. Of which, number of complaints rejected by the Bank	78,263	1,12,412
4	Number of complaints pending at the end of the year	2,931	5,005
Maintainable complaints received by the Bank from Offices of Ombudsman			
5	Number of maintainable complaints received by the Bank from Office of Ombudsman	2,306	1,947
	5.1. Of which, number of complaints resolved in favour of the Bank by Office of Ombudsman	1,113	889
	5.2. Of which, number of complaints resolved through conciliation/ mediation/ advisories issued by Office of Ombudsman	1,193	1,056
	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 and covered within the ambit of the Scheme.

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

1.9.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, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
ATM/CDM/Debit Cards	1,052	1,349	53,292	50,304	5.94	(22.73)	1,153	1,052	167	209
Internet/Mobile/Electronic Banking	3,325	4,393	74,418	91,973	(19.09)	(45.09)	596	3,325	200	1,323
Loans and advances	31	37	7,292	3,982	83.12	(16.73)	77	31	-	-
Credit Cards	582	616	24,048	18,480	30.13	8.03	899	582	185	126
Account opening/difficulty in operation of accounts	12	179	6,396	7,950	(19.55)	152.06	152	12	-	-
Others	3	83	2,655	1,621	63.79	(45.03)	54	3	-	-
Total	**5,005**	**6,657**	**1,68,101**	**1,74,310**	**(3.56)**	**(33.11)**	**2,931**	**5,005**	**552**	**1,658**

1.10. Details of penalties imposed by the Reserve Bank of India

(Amount in ₹ Lakh)

Particulars	March 31, 2026	March 31, 2025
a) Penalty imposed on currency chests		
Number of instances of default	32	22
Quantum of penalty imposed	1.02	1.88
b) Penalty imposed on deficiency in regulatory compliances		
Number of instances of default	59	54
Quantum of penalty imposed	29.81	48.69

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, 2026, the remuneration committee of the Board comprises of the following Independent Directors:

- Mr. Siddhartha Sengupta (Chairman)
- Mr. Manoj Fadnis
- Mr. Sudarshan Sen
- Mr. Ramanand Mundkur

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

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

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.

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.

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

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.

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, 2026	March 31, 2025
(a) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	25 ₹ 0.42 Crore	13 ₹ 0.16 Crore
(i) Number of employees having received a variable remuneration award during the financial year.	6	10
(b) (ii) Number and total amount of sign-on/joining bonus made during the financial year.	No. of Employees – 2 No. of Options Granted – 10,50,000	No. of Employees – 2 No. of Options Granted – 12,30,000
(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 – ₹ 1.24 Crore Shares – Nil Share-linked instruments (Unvested Stock Options granted after April 01, 2021) - 14,53,650 Options having Fair Value of ₹ 7.87 Crore.	Cash – ₹ 0.49 Crore Shares – Nil Share-linked instruments (Unvested Stock Options granted after April 01, 2021) - 15,08,600 Options having Fair Value of ₹ 6.61 Crore.
(ii) Total amount of deferred remuneration paid out in the financial year.	4,72,750 Options having Fair Value of ₹ 1.56 Crore	3,01,600 Options having Fair Value of ₹ 0.90 Crore.

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

Particulars			March 31, 2026	March 31, 2025
(d)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred		Fixed - ₹ 13.33 Crore# Variable - ₹ 5.37 Crore Deferred - ₹ 5.26 Crore (Cash – ₹ 1.24 Crore Share-linked instruments - Fair Value of 6,79,400 Options granted during the year)	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)
	(i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments.	₹ 9.11 Crore	₹ 7.10 Crore
(e)	(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*.	7	10
(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.

*Represents MRTs as on Reporting dates.

ii) General Quantitative Disclosure

(Amount in ₹ Crore)

Sr. No.	Particulars	March 31, 2026	March 31, 2025
i)	The mean pay for the Bank as a whole (excluding sub-staff) *	0.19	0.18#
ii)	The deviation of the pay of each of its WTDs from the mean pay.		
	• Mr. Krishnan Venkat Subramanian, Managing Director & CEO (Appointed as WTD on September 23, 2024)	3.82	1.66
	• Mr. Harsh Dugar, Executive Director	2.02	1.39
	• Mr. Venkatraman Venkateswaran, Executive Director (Appointed as WTD on July 10, 2025)	1.62	N.A.
	• Mr. Shyam Srinivasan, Managing Director & CEO (Ceased to be WTD on September 22, 2024)	N.A.	5.36$
	• Ms. Shalini Warrier, Executive Director (Ceased to be WTD on May 24, 2025)	0.42$	1.39

*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

Note: The disclosure is based on the employee as on March 31, 2026

iii) Remuneration (including sitting fees, fixed remuneration and honorarium) paid to non-executive directors during the year is ₹ 6.97 Crore (previous year ₹ 5.24 Crore)

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

1.12. Other Disclosures

1.12.1. The Key business ratios

Sr. No.	Particulars	March 31, 2026	March 31, 2025
i)	Interest Income as a percentage to Working Funds* (%)	7.77	8.02
ii)	Non-interest income as a percentage to Working Funds* (%)	1.25	1.16
iii)	Cost of Deposits (%)	5.56	5.90
iv)	Net Interest Margin (%) **	3.24	3.13
v)	Operating Profit$ as a percentage to Working Funds* (%)	2.02	1.86
vi)	Return on Assets [Based on Average Working Fund] *(%)	1.15	1.23
vii)	Business (Deposits less inter-bank deposits plus advances) per employee (Amount in ₹ Crore) ***	34.02	32.74
viii)	Profit per employee (Amount in ₹ Crore) ***	0.24	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.

1.12.2. Bancassurance Business

Details of income earned from Bancassurance business:

(Amount in ₹ Crore)

Sr. No.	Nature of Income	March 31, 2026	March 31, 2025
i)	For selling life insurance policies	339.66	188.86
ii)	For selling non-life insurance policies	49.67	43.97
	Total	**389.33**	**232.83**

1.12.3. Marketing and distribution (excluding Bancassurance Business)

Details of income earned from marketing and distribution business:

(Amount in ₹ Crore)

Sr. No.	Nature of Income	March 31, 2026	March 31, 2025
i)	For Wealth Management Services	34.81	26.60
ii)	Others - Etrade/PIS/SGB/NPS/ASBA/DP	8.36	9.12
	Total	**43.17**	**35.72**

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 during the year is given below:

(Amount in ₹ Crore)

Sr. No.	Particulars	March 31, 2026		March 31, 2025	
		Purchased (Face value)	Sold (Face value)	Purchased (Face value)	Sold (Face value)
i)	PSLC – Agriculture	3,225.00	-	-	575.00
ii)	PSLC – Micro Enterprises	10,000.00	10,000.00	4,000.00	-
iii)	PSLC – General	-	-	-	-
iv)	PSLC – Small & Marginal Farmers	1,333.00	1,561.00	601.00	5,150.00

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

1.12.5. Provisions and Contingencies recognised in the Profit and Loss Account include

(Amount in ₹ Crore)

Sr. No.	Particulars	March 31, 2026	March 31, 2025
i)	Provision towards Non-Performing Assets	1,736.42	804.06
ii)	Provision for Investments	(8.25)	(14.99)
iii)	Provision for Standard Assets	88.00	(46.00)
iv)	Provision for Taxation@	1,252.21	1,316.18
v)	Provision towards other contingencies	20.50	(10.00)
	Total	**3,088.88**	**2,049.25**

@Amount of Provisions made for income-tax during the year

(Amount in ₹ Crore)

Particulars	March 31, 2026	March 31, 2025
Provision for Income tax		
a) Current tax	1,090.29	1,285.09
b) Deferred tax	161.92	31.09
Total	**1,252.21**	**1,316.18**

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 FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

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

The Bank has remitted the applicable Deposit Insurance Premium to the DICGC within the prescribed timelines for the years ended March 31, 2026 and March 31, 2025.

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, 2026 and March 31, 2025.

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)

Sr. No.	Nature	Description	March 31, 2026	March 31, 2025
i)	Other Expense	Service Charge payment to various service providers	1,018.99	873.15
ii)	Other Expense	Channel transaction expense to card networks	509.87	431.01

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)

Sr. No.	Nature	Description	March 31, 2026	March 31, 2025
i)	Other Assets	Priority sector shortfall deposits	5,297.51	8,457.46
ii)	Other Liabilities	Liability on Derivatives	4,077.52	1,371.19*

* Not exceeded 1% of total assets in previous year.

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)

2.1.A Defined Contribution Plan

i) 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 ₹ 1.22 Crore (previous year: ₹ 1.15 Crore) for provident fund contribution in the Profit and Loss Account.

ii) 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 ₹ 151.14 Crore (previous year: ₹ 137.66 Crore) for DCPS contribution in the Profit and Loss Account.

2.1.B Defined Benefit Plan

i) 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.

ii) 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:

a) Change in benefit obligations:

(Amount in ₹ Crore)

Particulars	Gratuity Plan		Pension Plan	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Projected benefit obligation at the beginning of the year	664.75	608.30	2,043.38	1,851.25
Current Service Cost	50.81	45.04	383.69	371.64
Interest cost	51.19	40.77	144.48	117.47
Actuarial (gain)/ loss	(36.89)	25.80	(186.70)	(44.49)
Benefits paid	(30.39)	(55.16)	(181.78)	(252.49)
Projected benefit obligation at the end of the year	**699.47**	**664.75**	**2,203.07**	**2,043.38**

b) Change in plan assets:

(Amount in ₹ Crore)

Particulars	Gratuity Plan		Pension Plan	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Plan assets at the beginning of the year at fair value	672.39	474.06	2,062.89	1,751.15
Expected return on plan assets	52.98	33.28	152.65	119.25
Actuarial gain/(loss)	(0.11)	13.62	12.11	28.12
Employer's Contributions	34.47	206.59	213.16	416.86
Benefits paid	(30.39)	(55.16)	(181.78)	(252.49)
Plan assets at the end of the year at fair value	**729.34**	**672.39**	**2,259.03**	**2,062.89**

c) 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, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Fair value of plan assets at the end of the year	729.34	672.39	2,259.03	2,062.89
Present value of the defined benefit obligations at the end of the year	699.47	664.75	2,203.07	2,043.38
Liability/ (Asset) recognised in the Balance Sheet	**(29.87)**	**(7.64)**	**(55.96)**	**(19.51)**

d) Gratuity/ pension cost

(Amount in ₹ Crore)

Particulars	Gratuity Plan		Pension Plan	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Current Service cost	50.81	45.04	383.69	371.64
Interest cost	51.19	40.77	144.48	117.47
Expected return on plan assets	(52.98)	(33.28)	(152.65)	(119.25)
Actuarial (gain)/loss	(36.78)	12.18	(198.81)	(72.61)
Net Cost	12.24	64.71	176.71	297.25
Other direct contributions to the Fund	-	-	-	-
Net cost Debit to Profit and Loss Account	12.24	64.71	176.71	297.25
Actual return on plan assets*	52.87	46.90	164.77	147.37

* - Figures taken from Audited Financial Statements of respective trusts.

e) Investment details of plan Assets*

(Amount in ₹ Crore)

Particulars	Gratuity Plan		Pension Plan	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Central and state Government bonds	-	-	-	-
Other debt securities	-	-	-	-
Balance in Saving bank account with the Bank	1.65	3.90	3.66	25.61
Net current assets	-	-	-	-
Balance with LIC #	727.69	668.49	2,255.37	2,037.27
Total	**729.34**	**672.39**	**2,259.03**	**2,062.88**

* - 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.

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

f) Experience adjustments

Gratuity Plan

(Amount in ₹ Crore)

Particulars	March 31, 2026	March 31, 2025	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021
Defined Benefit Obligations	699.47	664.75	608.30	440.73	451.29	467.81
Plan Assets	729.34	672.39	474.06	464.10	493.78	469.49
Surplus/(Deficit)	29.87	7.64	(134.24)	23.37	42.49	1.68
Experience adjustments on Plan Liabilities [(Gain) / Loss]	(65.35)	4.28	119.72	2.78	8.09	(89.21)
Experience Adjustments on Plan Assets [Gain / (Loss)]	(6.39)	15.03	2.71	4.11	(7.67)	7.20

Pension Plan

(Amount in ₹ Crore)

Particulars	March 31, 2026	March 31, 2025	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021
Defined Benefit Obligations	2,203.07	2,043.38	1,851.25	1,701.56	1,747.94	1,486.28
Plan Assets	2,259.03	2,062.89	1,751.15	1,697.14	1,803.99	1,494.71
Surplus/ (Deficit)	55.96	19.51	(100.10)	(4.42)	56.05	8.43
Experience adjustments on Plan Liabilities [(Gain) / Loss]	77.32	(114.84)	(132.83)	(128.95)	(342.70)	(327.78)
Experience Adjustments on Plan Assets [Gain / (Loss)]	(1.22)	36.58	12.25	13.25	(0.49)	13.79

g) Assumptions

Particulars	Gratuity Plan		Pension Plan	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Discount rate	7.88%	7.02%	7.40%	6.81%
Annuity rate per Rupee (in ₹)	-	-	140.87	133.49
Salary escalation rate	5.00%	5.00%	5.00%	5.00%
Estimated rate of return on plan assets	7.88%	7.02%	7.40%	6.81%
Attrition Rate	2.00%	2.00%	1.00%	1.00%
Mortality Table	IIAM 2012-15 Ultimate	IIAM 2012-15 Ultimate	IIAM 2012-15 Ultimate	IIAM 2012-15 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.

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

2.1.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 ₹ 32.33 Crore (previous year ₹ 99.92 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 leave and leave travel concession of the employees of the Bank is given below:

(Amount in ₹ Crore)

Particulars	March 31, 2026	March 31, 2025
Privilege leave	625.98	603.22
Sick leave	45.11	44.97
Leave travel concession	62.83	55.52
Casual leave	5.84	3.74
Total actuarial liability	**739.76**	**707.45**
Assumptions		
Discount rate	7.88%	7.02%
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)

2.2. 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:

i) 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.

ii) 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.

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

iii) 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.

iv) 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.

v) 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, 2026:

(Amount in ₹ Crore)

Business Segments	Treasury	Corporate/ Wholesale Banking	Retail Banking#	Other Banking Operations	Total
1. Revenue	6,688.63	12,299.92	31,742.87	432.50	51,163.92
2. Unallocated revenue					508.68
3. Inter Segment Revenue					19,536.83
4. Income from operations (1+2-3)					32,135.77
5. Result (net of provisions)	1,155.57	2,384.21	1,409.41	367.62	5,316.81
6. Unallocated Income / (expense)					52.72
7. Operating profit (PBT) (5+6)					5,369.53
8. Income taxes					1,252.21
9. Extraordinary profit/ (loss)	-	-	-	-	-
10. Net Profit (7-8+9)					4,117.32
11. Segment Assets	1,09,603.06	1,30,154.53	1,45,294.64	49.84	3,85,102.07
12. Unallocated assets					2,419.42
13. Total assets (11+12)					3,87,521.49
14. Segment liabilities	36,773.94	43,993.49	2,66,637.93	0.92	3,47,406.28
15. Unallocated liabilities					1,410.14
16. Total liabilities (14+15)					3,48,816.42

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	3,361.74	100.96	8,225.08	23,495.18
Other Retail Banking	28,381.13	1,308.45	1,37,069.56	2,43,142.75

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

March 31, 2025:

(Amount in ₹ Crore)

Business Segments	Treasury	Corporate/ Wholesale Banking	Retail Banking#	Other Banking Operations	Total
1. Revenue	6,709.72	1,1724.25	30,498.98	268.54	49,201.49
2. Unallocated revenue					26.30
3. Inter Segment Revenue					19,061.29
4. Income from operations (1+2-3)					30,166.50
5. Result (net of provisions)	952.46	2,297.47	1,863.58	228.26	5,341.77
6. Unallocated Income / (expense)					26.30
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
11. Segment Assets	1,01,362.65	1,16,851.88	1,27,921.31	31.67	3,46,167.51
12. Unallocated assets					2,837.29
13. Total assets (11+12)					3,49,004.80
14. Segment liabilities	37,981.41	36,983.93	2,39,353.64	0.25	3,14,319.23
15. Unallocated liabilities					1,264.95
16. Total liabilities (14+15)					3,15,584.18

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	2,924.97	(4.66)	7,456.33	19,136.36
Other Retail Banking	27,574.01	1,868.24	1,20,464.98	2,20,217.28

Note: The Bank has made improvements to the internal transfer pricing methodology aligning to matched maturities for better presentation of the segment information effective from April 01, 2025. Correspondingly the segment information for previous periods have been regrouped / reclassified to conform to current period's presentation. This change in segment information does not impact the segment identification, overall Revenue, Results, Assets, Liabilities and Capital Employed of the Bank for the year ended March 31, 2026 and March 31, 2025.

2.2.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)

2.3.A. Details of Related Parties

i) 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
Federal Bank Hormis Memorial Foundation	Other related entity
Simpack Packaging Private Limited	Other related entity
Manians Family Trust	Other related entity
Manians Family Trust II	Other related entity
Aishwaryam Logistics Private Limited	Other related entity

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

ii) Key Management Personnel (KMP)

Name of the Key Management personnel	Relatives of the Key Management Personnel	Description of Relationships
Mr. Krishnan Venkat Subramanian, Managing Director & CEO	• 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
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
Mr. Venkatraman Venkateswaran Executive Director (Appointed on July 10, 2025)	• Visalam Eswaran	• Mother
	• Neela Venkatraman	• Spouse
	• Bhaskar Venkatraman	• Son
	• Radhika Venkatraman	• Daughter
	• V Krishnan	• Brother
	• V Mayuranathan	• Brother
Ms. Shalini Warrier, Executive Director (Ceased to be ED as on May 23, 2025)	• Ms. Parvathi Warrier	• Mother
	• Ms. Asha Warrier	• Sister

2.3.B. Related Party transactions

Transactions with related parties for the year ended March 31, 2026:

(Amount in ₹ Crore)

Items/Related Party	Subsidiaries	KMP	Relatives of KMP	Other related entities	Total
Interest paid	0.03	0.09	0.34	0.07	0.53
Interest received	101.36	0.03	-	-	101.39
Income from services rendered	5.37	*	*	-	5.38
Expenses for receiving services	150.47	-	-	-	150.47
Leasing arrangements provided	0.20	-	-	-	0.20
Leasing arrangements availed	0.41	-	-	-	0.41
Remuneration paid	-	8.48	-	-	8.48
Dividend received	5.43	-	-	-	5.43
Dividend paid	-	0.34	*	0.12	0.46
Purchase of fixed assets	2.87	-	-	-	2.87
Cross Currency Swaps (Notional Value)	226.74	-	-	-	226.74
CSR related expenses	-	-	-	89.49	89.49
Share issue proceeds received on exercise of ESOS	-	9.29	-	-	9.29
Number of options granted under ESOS	-	8,09,000	-	-	8,09,000

* Denotes figures less than ₹ 1 Lakh.

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

Balances outstanding of the related parties of the Bank as on March 31, 2026:

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	KMP	Relatives of KMP	Other related entities	Total
Deposits	414.11	0.99	9.77	2.10	426.97
	(415.68)	(8.86)	(16.34)	-	(440.88)
Advances	1,125.97	1.08	-	-	1,127.05
	(1,175.83)	(1.11)	-	-	(1,176.94)
Investments in Shares	449.92	-	-	-	449.92
	(449.92)	-	-	-	(449.92)
Investments in Non-Convertible Debentures	234.70	-	-	-	234.70
	(234.70)	-	-	-	(234.70)
Investment in Shares of the Bank	-	0.35	*	0.10	0.45
(at Face Value terms)	-	(0.37)	(*)	(0.10)	(0.47)
Receivable	0.12	-	-	-	0.12
	(0.47)	-	-	-	(0.47)
Payable	24.47	-	-	-	24.47
	(14.82)	-	-	-	(14.82)
Number of options outstanding under ESOS.	-	33,77,625	-	-	33,77,625

* Denotes figures less than ₹ 1 Lakh.

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	-	-	17,27,500	-	-	17,27,500

* Denotes figures less than ₹ 1 Lakh.

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

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.	-	-	38,95,200	-	-	38,95,200

* Denotes figures less than ₹ 1 Lakh.

2.3.C. Significant Related Party Transactions

The significant transactions between the Bank and the related parties for the year ended March 31, 2026 and March 31, 2025 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, 2026	March 31, 2025
Interest paid	Mr. Shyam Srinivasan	NA	0.19
	Ms. Shalini Warrier	-@	0.15
	Mr. Umed Mal Dugar	0.20	0.10
	Mr. Venkatraman Venkateswaran	0.08	NA
	Ms. Vanathi Gopalakrishnan	0.13	0.04#
	Federal Bank Hormis Memorial Foundation	0.07	0.08#
Interest received	Fedbank Financial Services Limited	101.36	108.02
Expenses for receiving services	Fedbank Financial Services Limited	16.86	33.37
	Federal Operations and Services Limited	133.62	102.86
Leasing arrangements provided	Federal Operations and Services Limited	0.20	0.16
Leasing arrangements availed	Federal Operations and Services Limited	0.41	2.10
Receivable	Fedbank Financial Services Limited	-@	4.48
Payable	Fedbank Financial Services Limited	13.50	0.03#
	Federal Operations and Services Limited	10.97	9.15
Remuneration paid	Mr. Shyam Srinivasan	NA	5.45
	Mr. Krishnan Venkat Subramanian	4.01	1.76
	Mr. Harsh Dugar	2.21	1.57
	Mr. Venkatraman Venkateswaran	1.80	NA
	Ms. Shalini Warrier	0.45@	1.57
Dividend received	Federal Operations and Services Limited	5.43	0.43#

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

(Amount in ₹ Crore)

Nature of Transaction	Name of the Related party	March 31, 2026	March 31, 2025
Dividend paid	Mr. Shyam Srinivasan	NA	0.13#
	Mr. Harsh Dugar	0.15	0.11
	Manians Family Trust II	0.12	-#
	Ms. Shalini Warrier	0.19	0.16
Purchase of fixed assets	Federal Operations and Services Limited	2.87	-
Purchase of Financial assets	Fedbank Financial Services Limited	-	183.46
Cross Currency Swaps (Notional Value)	Fedbank Financial Services Limited	226.74	-
CSR related expenses	Federal Bank Hormis Memorial Foundation	89.49	63.37
Share issue proceeds received on exercise of ESOS	Mr. Harsh Dugar	1.78	4.69
	Mr. Venkatraman Venkateswaran	7.51	NA
	Ms. Shalini Warrier	-@	5.58
Number of options granted under ESOS	Mr. Krishnan Venkat Subramanian	5,56,500	16,00,000
	Mr. Harsh Dugar	1,62,300	63,000
	Mr. Venkatraman Venkateswaran	90,200	NA
	Ms. Shalini Warrier	-@	64,500

@Not a significant related party transaction in FY 2025-26.

Not a significant related party transaction in FY 2024-25.

* Denotes figures less than ₹ 1 Lakh.

NA - Not a related party during the year.

Note: In accordance with RBI Master Directions, details pertaining to the related party transactions have not been provided where there is only one related party in a category.

2.4. Deferred Tax Assets / Liabilities (AS 22)

The major components of deferred tax assets and deferred tax liabilities arising out of timing difference are as under:

(Amount in ₹ Crore)

Particulars	March 31, 2026	March 31, 2025
Deferred Tax Liabilities		
Tax effect of items constituting deferred tax liabilities:		
(i) Interest accrued but not due	263.19	239.05
(ii) Depreciation on Investments	2.80	2.97
(iii) Depreciation on Fixed assets	7.36	7.49
(iv) Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961 (Refer note 1.1.2 (v))	384.27	332.55
(v) Investment revalued as per RBI guidelines tranferred to AFS reserve	3.20	76.03
(vi) Investment revalued as per RBI guidelines transferred to/from the General Reserve	54.40	29.46
(vii) Others	100.99	8.55
Total - (A)	**816.21**	**696.10**
Deferred Tax Assets		
Tax effect of items constituting deferred tax assets:		
(i) Interest/premium paid on purchase of securities	0.16	0.19
(ii) Provision for Standard Assets	324.27	302.12
(iii) Others	208.55	223.65
Total - (B)	**532.98**	**525.96**
Net Deferred tax liabilities/ (Asset) (A-B)	**283.23**	**170.14**

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

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 and share warrants issued by Bank.

The following table sets forth, for the years indicated, the computation of earnings per share.

Particulars	March 31, 2026	March 31, 2025
Earnings used in the computation of basic and diluted earnings per share (Net profit after tax) (₹ in Crore)	4,117.32	4,051.89
Basic earnings per share (in ₹)	16.74	16.54
Effect of potential equity shares (in ₹)	(0.18)	(0.17)
Diluted earnings per share (in ₹)	16.56	16.37
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)	245.96	244.95
Add: Effect of dilutive potential equity shares – share options (in Crore)	2.63	2.62
Add: Effect of dilutive potential equity shares – share warrants (in Crore)	0.03	-
Diluted weighted average number of equity shares outstanding (in Crore)	248.62	247.57

3.2 Share Capital

3.2.A. Equity Issue

During the year, the Bank has allotted 84,53,291 (previous year 2,04,77,127) equity shares consequent to exercise of ESOS vested. Accordingly, the share capital increased by ₹ 1.69 Crore (previous year ₹ 4.10 Crore) and share premium account increased by ₹ 62.75 Crore (previous year ₹ 161.23 Crore).

During the year, the Bank has issued and allotted 27,29,74,043 warrants by way of preferential allotment on a private placement basis to Asia II Topco XIII Pte. Ltd., on receipt of 25% of the warrant price of ₹ 227 per warrant, aggregating to ₹ 1,549.13 Crore. Each warrant carries the right to subscribe to one fully paid up equity share of the Bank having a face value of ₹ 2 per share, upon exercise, by paying the remaining 75% within 18 months of allotment.

3.2.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) 2,50,20,760 underlying equity shares of ₹ 2/- each (previous year 2,42,47,016 equity shares of ₹ 2/- each) held by custodian on behalf of holders of Global Depository Receipts (GDRs).

3.2.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) 2,62,100 equity shares of ₹ 2 /- each (previous year 2,62,100 equity shares of ₹ 2/- each) pertaining to the Rights issue of 1996 issued at a premium of ₹ 28 /- per share.

(iii) 10,56,665 equity shares of ₹ 2 /- each (previous year 10,56,665 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) 3,96,670 equity shares of ₹ 2/- each (previous year 3,96,670 equity shares of ₹ 2/- each) out of the Bonus issue of 2004 and

(ii) 5,97,005 equity shares of ₹ 2 /- each (previous year 5,97,005 equity shares of ₹ 2/- each) out of the Bonus issue of 2015.

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

3.2.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, 2026 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	78,73,800	75.00 - 162.40	135.35	6.83
Granted during the year*	6,95,000	196.35 - 286.50	274.25	8.06
Exercised during the year	3,32,965	75.00 - 125.25	108.48	-
Forfeited/lapsed during the year	3,07,300	112.35 - 162.40	136.53	-
Outstanding at the end of the year	79,28,535	125.25 - 286.50	148.61	6.18
Exercisable at the end of the year	11,12,350	125.25	125.25	4.41

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	58,97,550	53.70 - 125.25	122.09	7.21
Granted during the year**	23,14,750	162.40	162.40	7.65
Exercised during the year	2,35,000	53.70 - 112.35	71.05	-
Forfeited/lapsed during the year	1,03,500	125.25 - 162.40	130.63	-
Outstanding at the end of the year	78,73,800	75.00 - 162.40	135.35	6.83
Exercisable at the end of the year	1,60,000	75.00 - 112.35	88.34	0.60

*Details of options granted during the year ended March 31, 2026 are given below:

Date of grant	No. of options Granted	Grant price (₹ per option)
August 11, 2025	5,000	196.35
December 20, 2025	2,15,000	267.85
December 31, 2025	25,000	267.60
January 06, 2026	1,05,000	263.75
January 27, 2026	1,50,000	278.55
March 08, 2026	1,95,000	286.50

**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	23,14,750	162.40

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

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, 2026 (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 ₹ 0.30 Crore as employee cost in the Profit and Loss Account during the year ended March 31, 2026 (previous year ₹ 1.15 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, 2026 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	3,80,75,617	38.30 - 192.56	84.53	3.97
Granted during the year*	6,80,000	194.92 -199.83	195.14	6.51
Exercised during the year	81,20,326	38.30 - 135.65	74.32	-
Forfeited/lapsed during the year	3,01,622	38.30 - 183.67	101.81	-
Outstanding at the end of the year	3,03,33,669	38.30 - 199.83	89.57	3.27
Exercisable at the end of the year	2,25,52,982	38.30 - 148.10	73.51	2.22

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	5,58,27,490	38.30 - 148.10	78.02	3.40
Granted during the year**	49,98,000	74.15 - 192.56	148.20	7.71
Exercised during the year	2,02,42,127	38.30 - 120.85	80.75	-
Forfeited/lapsed during the year	25,07,746	38.30 - 166.83	96.95	-
Outstanding at the end of the year	3,80,75,617	38.30 - 192.56	84.53	3.97
Exercisable at the end of the year	2,78,86,663	38.30 - 135.65	72.44	2.99

*Details of options granted during the year ended March 31, 2026 are given below:

Date of grant	No. of options Granted	Grant price (₹ per option)
April 17, 2025	6,50,000	194.92
April 29, 2025	30,000	199.83

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

**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	5,10,000	74.15
September 11, 2024	8,52,000	111.22
September 11, 2024	35,61,000	166.83
January 15, 2025	30,000	192.56
February 12, 2025	35,000	183.67
March 20, 2025	10,000	186.19

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 ₹ 6.10 Crore as employee cost in the Profit and Loss Account during the year ended March 31, 2026 (previous year: ₹ 3.41 Crore).

#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 ₹ 1.92 Crore as employee cost in the Profit and Loss Account during the year ended March 31, 2026 (previous year ₹ 0.74 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, 2026 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	12,00,000	187.65	187.65	6.99
Granted during the year *	29,72,800	195.86 - 207.51	205.94	6.75
Exercised during the year	-	-	-	-
Forfeited/lapsed during the year	11,000	207.51	207.51	-
Outstanding at the end of the year	41,61,800	187.65 -207.51	200.66	6.53
Exercisable at the end of the year	3,00,000	187.65	187.65	4.48

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 **	12,00,000	187.65	187.65	6.99
Exercised during the year	-	-	-	-
Forfeited/lapsed during the year	-	-	-	-
Outstanding at the end of the year	12,00,000	187.65	187.65	6.99
Exercisable 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, 2026 (Continued....)

*Details of options granted during the year ended March 31, 2026 are given below:

Date of grant	No. of options Granted	Grant price (₹ per option)
June 21, 2025	25,72,800	207.51
August 18, 2025	4,00,000#	195.86

**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	12,00,000#	187.65

During the year ended March 31, 2025, 16,00,000 Stock Options were granted on September 24, 2024. Pursuant to the NRC meeting held on June 28, 2025, the said grant was subsequently split into two tranches, comprising 12,00,000 Stock Options in the first tranche and 4,00,000 Stock Options in the second tranche on August 18, 2025.

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, 2026 (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 ₹ 4.15 Crore as employee cost in the Profit and Loss Account during the year ended March 31, 2026 (previous year ₹ 3.01 Crore).

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, 2026 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	4.69
Granted during the year*	14,82,000	2.00	2.00	5.24
Exercised during the year	-	-	-	-
Forfeited/lapsed during the year	3,500	2.00	2.00	-
Outstanding at the end of the year	15,03,500	2.00	2.00	5.21
Exercisable at the end of the year	16,500	2.00	2.00	3.18

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

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

*Details of options granted during the year ended March 31, 2026 are given below:

Date of grant	No. of options Granted	Grant price (₹ per option)
June, 21 2025	14,82,000	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 ₹ 14.12 Crore as employee cost in the Profit and Loss Account during the year ended March 31, 2026 (previous year ₹ 0.18 Crore).

v) Employee Stock Option Scheme 2025 (ESOS 2025)

Shareholders of the Bank had approved The Federal Bank Limited Employee Stock Option Scheme 2025 (ESOS 2025) in the AGM held on August 29, 2025, 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 1.00% 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. During the year, no options were granted.

vi) Employee Stock Incentive Scheme 2025 (ESIS 2025)

Shareholders of the Bank had approved The Federal Bank Limited Employee Stock Incentive Scheme 2025 (ESIS 2025) in the AGM held on August 29, 2025, 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 0.60% 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 three years from the date of vesting of options. During the year, no options were granted.

vii) Cash Settled Stock Appreciation Rights Plan 2026 (CSAR 2026)

The Board of Directors of the Bank had approved The Federal Bank Limited Cash Settled Stock Appreciation Rights Scheme 2026 (CSAR 2026) on March 27, 2026. The Cash Settled Stock Appreciation Rights (CSARs) are settled in cash and vest on the respective due dates as per the terms and conditions of grant. During the year, no CSAR Units were granted.

The options under various schemes 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, 2026 was ₹ 229.47 (previous year ₹ 186.25).

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

viii) 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 ₹ 17.14 Crore (previous year ₹ 15.02 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 ₹ 16.67 and ₹ 16.49 (previous year ₹ 16.48 and ₹ 16.35) respectively.

Weighted average fair value of options granted during the years ended March 31, 2026 and March 31, 2025 are as follows:

Particulars	March 31, 2026	March 31, 2025
Weighted average fair value of options granted during the year (in ₹)	103.94	75.17

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, 2026	March 31, 2025
Dividend yield	0.42% - 2.00%	0.60% - 2.00%
Expected life (in years)	3.00 - 6.75	2.50 - 6.75
Risk free interest rate	5.00% - 7.75%	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	Expected volatility is determined as the Standard deviation of the Stock returns of bank over the trailing year period.	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 valuer and relied upon by the auditors.

3.2.E. Dividend

The Board of Directors have recommended a final dividend of 60 % i.e. ₹ 1.20 per Equity Share on face value of ₹ 2.00 each for the year 2025-26 (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 ₹ 295.71 Crore from the Profit and Loss Account for the year ended March 31, 2026. 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 ₹ 295.04 Crore pertaining to year ended March 31, 2025, has been considered as an appropriation from the Profit and Loss Account during the year.

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

3.3. Fixed Assets

3.3.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, 2026	March 31, 2025
Gross Block		
At cost as on 31st March of the preceding year	635.86	557.13
Additions during the year	56.48	78.73
Deductions / Adjustments during the year	-	-
At the end of the year	692.34	635.86
Depreciation / Amortization		
At the beginning of the year	474.67	388.56
Charge for the year	76.52	86.11
Deductions / Adjustments during the year	-	-
Depreciation to date	551.19	474.67
Net Block	**141.15**	**161.19**

3.3.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, 2026 and March 31, 2025.

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 ₹ 292.55 Crore (previous year: ₹ 266.73 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

i) Movement in provision for non-credit related* frauds included under other liabilities

(Amount in ₹ Crore)

Particulars	March 31, 2026	March 31, 2025
Opening balance	32.88	34.66
Additions during the year	4.01	2.92
Reductions during the year	(1.67)	(4.70)
Closing balance	**35.22**	**32.88**

* Provision for credit related frauds is included in Provision towards NPAs.

ii) Movement in provision for other contingencies

(Amount in ₹ Crore)

Particulars	March 31, 2026	March 31, 2025
Opening provision	62.24	75.05
Provision made during the year	21.25	10.74
Provision utilized for write off during the year	(11.01)	(3.28)
Reductions during the year	(3.08)	(20.27)
Closing provision	**69.40**	**62.24**

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

iii) Movement in floating provision

(Amount in ₹ Crore)

Particulars	Standard Asset Provision		NPA Provision	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Opening balance	12.75	12.75	69.18	69.18
Provision made during the year	-	-	455.96	-
Amount drawn down during the year	-	-	-	-
Closing balance	**12.75**	**12.75**	**525.14**	**69.18**

3.6. Description of contingent liabilities:

i) 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.

ii) 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.

iii) 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.

iv) 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.

v) 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, 2026 was ₹ 5,278.47 Crore (previous year: ₹ 1,934.59 Crore).

The aggregate amount of the participation issued by the Bank, reduced from advances as per regulatory guidelines, outstanding as of March 31, 2026 was ₹ 3,150.00 Crore (previous year: ₹ 5,265.74 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.

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

3.9. Corporate Social Responsibility (CSR)

i) The details of CSR activities carried out in line with the CSR Policy of the Bank are given below:

(Amount in ₹ Crore)

Particulars	March 31, 2026	March 31, 2025
The gross amount required to be spent by the Bank on CSR related activities during the year	93.49	75.49
The amount approved by the Board of the Bank to be spent during the year	93.49	75.49
Nature of major CSR activities undertaken during the year	- Promoting Education - Promoting Healthcare - Livelihood Enhancement - Protection and Promotion of Art, Culture and Heritage - Environment Sustainability - Promoting Nationally recognized, Paralympic and Olympic Sports	- Promoting Education - Promoting Healthcare - Livelihood Enhancement - Disaster Relief - Rural Development Projects - Environmental Sustainability

ii) Amount spent towards CSR during the year and recognized as expense in the profit and loss account is ₹93.49 Crore (previous year ₹75.49 Crore), which comprises of the following:

(Amount in ₹ Crore)

Sr. No.	Particulars	March 31, 2026			March 31, 2025		
		In Cash	Yet to be paid in cash (i.e. provision)*	Total	In Cash	Yet to be paid in cash (i.e. provision)*	Total
i)	Construction / acquisition of any asset	-	-	-	-	-	-
ii)	On purpose other than (1) above	75.33	18.16	93.49	58.08	17.41	75.49

*Transferred to separate CSR unspent account within the specified timeline.

iii) 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		
2025-26	17.78	93.49	75.33	16.62#	18.16	19.32
2024-25	13.19	75.49	58.08	12.82@	17.41	17.78

*Transferred to separate CSR unspent account within the specified timeline.

#Includes ₹ 16.36 Crore and ₹ 0.26 Crore spent from separate CSR unspent account pertaining to ongoing projects of FY 2024-25 and FY 2023–24 respectively.

@Includes ₹ 9.97 Crore, ₹ 2.51 Crore and ₹ 0.34 Crore spent from separate CSR unspent account pertaining to ongoing projects of FY 2023-24, FY 2022–23 and FY 2021–22 respectively.

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

iv) 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)

Sr. No.	Related Party	March 31, 2026	March 31, 2025
i)	Federal Bank Hormis Memorial Foundation*	89.49	63.37

* 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.

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, 2026 and March 31, 2025.

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, 2026		March 31, 2025	
	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.

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Continued....)

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. On November 21, 2025, the Government of India notified the four Labour Codes - the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020, and the Occupational Safety, Health and Working Conditions Code, 2020 - consolidating 29 existing labour laws. The Bank has assessed impact of these changes to the extent applicable and has made an incremental provision of ₹ 2.08 Crore during the year, towards the estimated impact of these changes.

3.14. 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 LLP**
(Formerly Known as M S K A & Associates)
Chartered Accountants
ICAI Firm Registration No: 105047W/W101187

Prateek Khandelwal
Partner
Membership No: 139144

For **Suri & Co**
Chartered Accountants
ICAI Firm Registration No: 004283S

Sanjeev Aditya M
Partner
Membership No: 229694

Place: Mumbai
Date : April 29, 2026

For **The Federal Bank Limited**

Krishnan Venkat Subramanian
Managing Director & CEO
DIN: 00031794

Venkatraman Venkateswaran
Executive Director & CFO
DIN: 09227554

Manikandan Muthiah
Head - Financial Reporting

Elias George
Independent Director
DIN: 00204510

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 associate, which comprise the Consolidated Balance Sheet as at March 31, 2026, 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 one associate, the aforesaid Consolidated Financial Statements give the information required by the Banking Regulation Act, 1949 ("the Banking Regulations"), 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 Group and its associate as at March 31, 2026, of consolidated profit and its consolidated 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 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 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 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, 2026. 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 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, 2026: ₹ 2,77,38,06,558 thousands Provision of NPA as at March 31, 2026: ₹ 3,90,50,222 thousands of which Total Advances (net of Provision) as at March 31, 2026: ₹ 2,64,59,43,671 thousands* & Provision of NPA as at March 31, 2026: ₹ 3,77,46,598 thousands* relates to the Bank. (Refer to Schedule 9, 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.

Sr. No	Key Audit Matters	How the Key Audit Matters 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 the 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 the RBI which could result into disclosure in the Financial Statements, we have ascertained identification and provisioning for NPAs as a key audit matter.	• 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 the 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 the 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 Bank's Management 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 the Bank's 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. • 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.

Sr. No	Key Audit Matters	How the Key Audit Matters was addressed in our audit
		• 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.

The following Key Audit Matters were reported to us by the component auditors, KKC & Associates LLP for a "Fedbank Financial Services Limited" subsidiary of the Parent, vide their communication dated April 28, 2026 which are reproduced by us as under:

Sr. No	Key Audit Matters	How the Key Audit Matters was addressed in our audit
1	Provisioning based on Income Recognition, Asset Classification & Provisioning ("IRACP") norms of Reserve Bank of India and testing of impairment of assets, more particularly the Loan Book of the Company. Refer to the accounting policies in Note 2.20 to the financial information: Write-off and Provision on Advances and Note 2.3 to the financial information: Revenue Recognition.	
	Subjective estimates: Provisions in respect of non-performing and restructured loans are determined by the management based on its assessment of the degree of impairment of the advances and/or any increase in significant credit risk is assessed by using the Expected Credit Loss Model, subject to the minimum provisioning levels prescribed under the Prudential Norms on Income Recognition, Asset Classification and Provisioning ("IRACP") issued by the RBI from time to time. The provision on non-performing assets (NPAs) is also based on the existence and valuation of the underlying security. The aforesaid matter has been identified as a Key Audit Matter considering the significance of management's judgment involved in determining credit risk and the adequacy of the provision, particularly in view of the fact that the provisions created are in excess of the prescribed regulatory norms contained in IRACP.	Our key audit procedures included Review of policy/procedures and design/controls. • Reviewed the Board-approved ECL policy documentation supporting provisioning logic, default assessment and staging methodology, with particular focus on judgmental elements introduced (including any refresh activity conducted during the period under audit). • Assessing the design, implementation and operating effectiveness of key internal financial controls, along with monitoring processes of overdue loans (including those which became overdue after the reporting date), measurement of provisions, stage-wise classification of loans, identification of Non-Performing Assets("NPAs") accounts, and evaluating the reliability of management information. • Understanding management's approach, interpretation, systems and controls implemented in relation to probability of default and stage-wise bifurcation of product-wise portfolios for timely identification of stress and early warning signals. • Testing and review of controls over measurement of provisions and disclosures in the financial information. • Involvement of information technology experts to obtain comfort over data integrity and the process of report generation through the interface of various systems. Substantive verification: • Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of the data.

Sr. No	Key Audit Matters	How the Key Audit Matters was addressed in our audit
		• Testing the model calculations through selective re-performance at the year end to assessing the completeness, accuracy, and relevance of data, to ensure that the same is in compliance with the Prudential and IRACP Norms. • checking data for assessing the reasonableness of judgments made in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used, and the valuation of recovery assets and collateral (including collateral in the form of gold). • Assessing disclosures- Assessed whether the disclosures on key judgments, assumptions and quantitative data with respect to impairment of loans, (including restructuring-related disclosures) in the financial information are appropriate and sufficient, as also aligned to regulatory requirements.

2	**Information Technology**
	IT systems and controls:
	The Company's financial reporting processes are dependent on technology, considering the significant number of transactions that are processed daily across multiple and discrete Information Technology ("IT") systems. The financial accounting system of the Company is interfaced with several other IT systems, including Loan Management and Originating systems and other systemic workflows.
	IT general and application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Adequate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to the applications and data. These includes the implementation of preventive and detective controls across critical applications and infrastructure.
	Due to the pervasive nature of role of information technology systems in financial reporting, in our preliminary risk assessment, we planned our audit by assessing the risk of material misstatement arising from the technology as significant for the audit, hence the Key Audit Matter.
		In the course of the audit, we, inter alia, reviewed user access management, change management, segregation of duties, system reconciliation controls, and key financial accounting and reporting systems. We performed a range of audit procedures, which included:
		• Deployed our internal experts to carry out IT general controls testing and identify gaps, if any.
		• Our other processes include:
		  • Obtaining an understanding of the Company's IT landscape, including core lending systems, accounting systems, interfaces, and reports relevant to financial reporting.
		  • Evaluating the design, implementation, and operating effectiveness of significant accounts-related IT automated controls which are relevant to the accuracy of system calculations and the consistency of data transmission, including access management (user access provisioning, changes, and deactivation), program change controls, and IT operations controls such as backups and job monitoring
		  • Evaluated segregation of duties within the IT environment and reviewed privileged access controls.
		  • Testing of the system generated reports and accounting entries manually for core financial reporting matters, (i.e verification around the computer system)
		  • Performed substantive procedures where control deficiencies or system limitations were noted, to compensate for any identified risks.
		  • Evaluated the automated controls with reference to system interface with key financial applications that impact significant accounts and disclosures.

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 associate 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 Regulations and the RBI Guidelines as applicable to the Group and its associate. 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 provisions of the Act, Banking Regulations and the RBI Guidelines for safeguarding of 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 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 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 Board of Director's, 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 and of its associate 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 Group and of its associate has adequate 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 Bank's Management.

- Conclude on the appropriateness of the 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 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 other such entities included in the Consolidated Financial Statements of which we are the 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, 2026 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 ₹ 16,93,90,251 thousands (before consolidation adjustments) as at March 31, 2026; total revenues of ₹ 2,39,78,757 thousands (before consolidation adjustments), Group's share of total net profit after tax of ₹ 38,26,119 thousands (before consolidation adjustments) for the year ended March 31, 2026, respectively and net cash flows amounting to ₹ 62,18,855 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 ₹ 75,648 thousands (before consolidation adjustments) for the year ended March 31, 2026, as considered in the Consolidated Financial Statements, in respect of its associate, 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 associate, 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 associate, 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, 2026:

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 31 March 2026, is the responsibility of the Appointed Actuary of the Company ('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 its 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 so far as it appears from our examination of those books and the reports of the other auditors except for the matters stated in paragraph 1(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended).

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, 2026 taken on record by the Board of Directors of the Bank and the reports of the statutory auditors of its two subsidiaries and an associate company incorporated in India, none of the directors of the Group companies and its associate company incorporated in India are disqualified as on March 31, 2026 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the maintenance of accounts and other matters connected therewith, reference is made to our comment in paragraph 1(b) above on reporting under Section 143(3)(b) and paragraph 1(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended)

g. With respect to the adequacy of the internal financial controls with reference to Financial Statements of the Group and its associate and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

h. 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 (as amended), 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, Note 1.8 and Note 1.12 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 Note 5.7 and Note 5.21 of Schedule 17, Note 1.8, Note 1.11(ii) and Note 1.13 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 its associate - Refer Note 1.16 of Schedule 18 to the Consolidated Financial Statements.

iv. a. The respective Management's 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 1.17 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 persons or entity, 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 or any such subsidiaries and associate ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

b. The respective Management's 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 1.17 of Schedule 18 to the Consolidated Financial Statements, no funds have been received by the or any of such subsidiaries and associate to or in any other persons or entity, 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 or any such subsidiaries and associate ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances performed by us 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 notice or to the notice of other auditors 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 (a) and (b) above, contain any material mis-statement.

v. The Bank, one subsidiary and associate has declared and paid dividend during the year which is in compliance with section 123 of the Act and the Banking Regulations.

vi. Based on our examination which included test checks, and based on the other auditor's reports of its subsidiary companies and associate company incorporated in India whose financial statements have been audited under the Act, have used accounting softwares for maintaining their respective books of account for the year ended March 31, 2026, which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the softwares and further, during the course of audit we and the other auditors of above referred subsidiaries and associate did not come across any instance of audit trail feature being tampered with.

Additionally, the audit trail relating to prior years has been preserved by the Bank and the aforesaid subsidiaries and associate company in accordance with the applicable statutory record retention requirements, except for the matter reported by the component auditor of the subsidiary in respect of certain software applications where the audit trail (edit log) feature had not been enabled in the previous year.

i. Based on the consideration of reports issued by other auditors and according to information and explanations given to us, for one subsidiary and an associate, the remuneration paid by the subsidiary and an associate to its directors are within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

Further, based on the report issued by the other auditor of another subsidiary, no remuneration was paid to the directors by the said subsidiary during the year. Accordingly, the reporting requirements under Section 197(16) of the Act are not applicable to that subsidiary for the year under audit.

Further, the Bank is a banking company as defined under the Banking Regulations. Accordingly, the requirements prescribed under Section 197 of the Act do not apply to the Bank.

For **M S K A & Associates LLP**
(Formerly Known as
M S K A & Associates)
Chartered Accountants
ICAI Firm Registration
Number: 105047W/W101187

Prateek Khandelwal
Partner
Membership Number: 139144
UDIN:26139144VUHQUG5288

Mumbai
April 29, 2026

For **Suri & Co**
Chartered Accountants
ICAI Firm Registration
Number: 004283S

Sanjeev Aditya M
Partner
Membership Number: 229694
UDIN: 26229694IDBIIO9009

Mumbai
April 29, 2026

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE BANK.

[Referred to in paragraph 1(g) 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 Act

In conjunction with our audit of the Consolidated Financial Statements of the Bank as of and for the year ended March 31, 2026, We have audited the internal financial controls with reference to Consolidated Financial Statements of the Group and its associate as of March 31, 2026, 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, 2026, 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 ICAI.

Management's 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 company, 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.

Auditors' 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 company, 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 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.

Our opinion is not modified in respect of this matter.

For **M S K A & Associates LLP**
(Formerly Known as
M S K A & Associates)
Chartered Accountants
ICAI Firm Registration
Number: 105047W/W101187

Prateek Khandelwal
Partner
Membership Number: 139144
UDIN:26139144VUHQUG5288

Mumbai
April 29, 2026

For **Suri & Co**
Chartered Accountants
ICAI Firm Registration
Number: 004283S

Sanjeev Aditya M
Partner
Membership Number: 229694
UDIN: 26229694IDBIIO9009

Mumbai
April 29, 2026

THE FEDERAL BANK LIMITED

CONSOLIDATED BALANCE SHEET

AS ON MARCH 31, 2026

(₹ in Thousands)

	Schedule	As on March 31, 2026	As on March 31, 2025
CAPITAL AND LIABILITIES			
Capital	1	49,28,564	49,11,658
Share warrants subscription money (Refer Note 1.1.A of Schedule 18)		1,54,91,277	-
Reserves and surplus	2	38,00,10,190	34,04,71,582
Minority interest	2A	1,06,93,165	91,47,821
Deposits	3	3,13,49,08,917	2,83,48,36,228
Borrowings	4	33,19,32,571	32,59,58,319
Other liabilities and provisions	5	14,28,43,302	8,61,93,529
TOTAL		**4,02,08,07,986**	**3,60,15,19,137**
ASSETS			
Cash and balances with Reserve Bank of India	6	15,57,67,724	20,36,09,785
Balances with banks and money at call and short notice	7	11,32,05,467	11,23,61,512
Investments	8	76,47,14,478	66,05,76,791
Advances	9	2,77,38,06,558	2,44,99,53,560
Fixed assets	10	1,52,81,713	1,52,75,545
Other assets	11	19,80,32,046	15,97,41,944
Goodwill on consolidation		-	-
TOTAL		**4,02,08,07,986**	**3,60,15,19,137**
Contingent liabilities	12	2,89,58,10,217	2,08,28,18,302
Bills for collection		9,87,02,937	9,23,27,980
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 LLP**
(Formerly Known as M S K A & Associates)
Chartered Accountants
ICAI Firm Registration No: 105047W/W101187

Prateek Khandelwal
Partner
Membership No: 139144

For **Suri & Co**
Chartered Accountants
ICAI Firm Registration No: 004283S

Sanjeev Aditya M
Partner
Membership No: 229694

Place: Mumbai
Date : April 29, 2026

For **The Federal Bank Limited**

Krishnan Venkat Subramanian
Managing Director & CEO
DIN: 00031794

Venkatraman Venkateswaran
Executive Director & CFO
DIN: 09227554

Manikandan Muthiah
Head - Financial Reporting

Elias George
Independent Director
DIN: 00204510

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, 2026

(₹ in Thousands)

	Schedule	Year ended March 31, 2026	Year ended March 31, 2025
I. INCOME			
Interest earned	13	29,67,41,040	28,10,60,781
Other income	14	4,59,83,162	3,92,41,705
TOTAL		**34,27,24,202**	**32,03,02,486**
II. EXPENDITURE			
Interest expended	15	17,77,15,585	17,63,12,737
Operating expenses	16	8,66,66,459	7,89,19,478
Provisions and contingencies (Refer Note 1.8 of Schedule 18)		3,35,08,386	2,30,55,454
TOTAL		**29,78,90,430**	**27,82,87,669**
III. PROFIT/(LOSS)			
Consolidated Net profit / (loss) for the year (before Minority Interest and share of earnings / (loss) in Associates)		**4,48,33,772**	**4,20,14,817**
Add : Share of earnings / (loss) in Associates		75,649	3,25,328
Consolidated Net profit / (loss) for the year before Minorities' Interest		**4,49,09,421**	**4,23,40,145**
Less: Minority interest		14,56,398	7,51,687
Consolidated profit/(loss) for the year attributable to the group		**4,34,53,023**	**4,15,88,458**
Balance in Profit and Loss Account brought forward from previous year		9,30,37,523	7,51,62,387
Less: Minority interest pertaining to Pre-acquisition profit (Refer Note 2 of Schedule 17)		16,862	29,705
TOTAL		**13,64,73,684**	**11,67,21,140**
IV. APPROPRIATIONS			
Transfer to Revenue Reserve		61,62,115	60,67,154
Transfer to Statutory Reserve		1,02,93,312	1,01,29,718
Transfer to Capital Reserve		6,62,178	8,35,505
Transfer to Investment Fluctuation Reserve		5,64,000	15,19,271
Transfer to Special Reserve		20,54,900	19,56,500
Transfer to Reserve Fund		4,51,546	2,35,446
Dividend pertaining to previous year paid during the year (Refer Note 1.1.E of Schedule 18)		29,50,399	29,40,023
Balance carried over to Consolidated Balance Sheet		11,33,35,234	9,30,37,523
TOTAL		**13,64,73,684**	**11,67,21,140**
Earnings per share (Face value of ₹ 2/- each) (₹) (Refer Note 1.6 of Schedule 18)			
Basic		17.67	16.98
Diluted		17.48	16.80
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 LLP**
(Formerly Known as M S K A & Associates)
Chartered Accountants
ICAI Firm Registration No: 105047W/W101187

Prateek Khandelwal
Partner
Membership No: 139144

For **Suri & Co**
Chartered Accountants
ICAI Firm Registration No: 004283S

Sanjeev Aditya M
Partner
Membership No: 229694

Place: Mumbai
Date : April 29, 2026

For **The Federal Bank Limited**

Krishnan Venkat Subramanian
Managing Director & CEO
DIN: 00031794

Venkatraman Venkateswaran
Executive Director & CFO
DIN: 09227554

Manikandan Muthiah
Head - Financial Reporting

Elias George
Independent Director
DIN: 00204510

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, 2026

(₹ in Thousands)

	Year ended March 31, 2026	Year ended March 31, 2025
Cash Flow from Operating Activities		
Net Profit before taxes	5,72,53,536	5,54,51,882
Adjustments for:		
Depreciation on Group's Property	30,58,454	28,84,492
(Profit) / Loss on Revaluation of Investments (net)	25,17,182	(15,23,086)
Amortisation of Discount on Investments	(11,12,142)	(9,41,546)
Provision / Charge for Non Performing Advances	1,89,11,573	92,67,973
Provision for Investments, Standard Assets and Contingencies	7,96,300	74,002
Profit on Sale of Fixed Assets (net)	(2,05,792)	(21,797)
Profit on Sale of Investment in Associate	-	(3,66,755)
Employees Stock option Expense	2,65,949	84,855
	8,14,85,060	**6,49,10,020**
Adjustments for working capital changes:-		
(Increase) / Decrease in Investments [excluding investments in Subsidiaries, Associate and Held to Maturity Investments]	10,76,699	(1,25,08,688)
Increase in Advances	(34,27,64,571)	(27,81,18,718)
(Increase) / Decrease in Other Assets	(3,86,92,065)	2,46,32,207
Increase in Deposits	30,00,72,690	31,02,86,107
Increase / (Decrease) in Other liabilities and provisions	5,43,57,656	(77,81,449)
	(2,59,49,591)	**3,65,09,459**
Direct taxes paid (net)	(1,20,44,414)	(1,34,10,292)
Net Cash Flow from Operating Activities	**4,34,91,055**	**8,80,09,187**
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(30,82,139)	(75,46,539)
Proceeds from Sale of Fixed Assets	2,23,309	38,641
Proceeds from Sale of Investment in Associate	-	7,75,500
Increase in Investment in Associate	(9,74,400)	-
Purchase of Held to Maturity Investments (net)	(10,72,57,194)	(3,12,10,605)
Net Cash flow used in Investing Activities	**(11,10,90,424)**	**(3,79,43,003)**
Cash Flow from Financing Activities		
Proceeds from Issue of Share Capital	16,906	40,955
Proceeds from Share Premium (net of share issue expenses)	6,36,544	16,43,067
Increase in Minority Interest	15,24,037	9,03,535
Issuance / (Redemption) of Subordinate Debt	45,00,000	(30,00,000)
Increase in Borrowings (Excluding Subordinate Debt)	14,74,251	7,73,62,123
Proceeds from Share Warrants Subscription Money	1,54,91,277	-
Dividend Paid	(29,50,399)	(29,40,023)
Net Cash flow from Financing Activities	**2,06,92,616**	**7,40,09,657**
Effect of exchange fluctuation on translation reserve	(91,352)	(42,785)
Net Increase in Cash and Cash Equivalents	**(4,69,98,105)**	**12,40,33,056**

THE FEDERAL BANK LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2026 (Contd..)

(₹ in Thousands)

	Year ended March 31, 2026	Year ended March 31, 2025
Cash and Cash Equivalents at the beginning of the year	31,59,71,296	19,19,38,240
Cash and Cash Equivalents at the end of the year	26,89,73,191	31,59,71,296

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 LLP**
(Formerly Known as M S K A & Associates)
Chartered Accountants
ICAI Firm Registration No: 105047W/W101187

Prateek Khandelwal
Partner
Membership No: 139144

For **Suri & Co**
Chartered Accountants
ICAI Firm Registration No: 004283S

Sanjeev Aditya M
Partner
Membership No: 229694

Place: Mumbai
Date : April 29, 2026

For **The Federal Bank Limited**

Krishnan Venkat Subramanian
Managing Director & CEO
DIN: 00031794

Venkatraman Venkateswaran
Executive Director & CFO
DIN: 09227554

Manikandan Muthiah
Head - Financial Reporting

Elias George
Independent Director
DIN: 00204510

Harsh Dugar
Executive Director
DIN: 00832748

Samir P Rajdev
Company Secretary

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, 2026	As on March 31, 2025
Authorised Capital	80,00,000	80,00,000
4,00,00,00,000 (Previous year 4,00,00,00,000) equity shares of ₹ 2/- each		
Issued Capital	49,31,215	49,14,309
2,46,56,07,651 (Previous year 2,45,71,54,360) equity shares of ₹ 2/-each		
Subscribed, Called-up and Paid-up Capital	49,28,565	49,11,659
2,46,42,82,356 (Previous year 2,45,58,29,065) equity shares of ₹ 2/-each		
Less: Calls unpaid	1	1
Total	**49,28,564**	**49,11,658**

SCHEDULE 2 - RESERVES AND SURPLUS

(₹ in Thousands)

	As on March 31, 2026	As on March 31, 2025
I. Statutory Reserve		
Opening balance	6,54,91,979	5,53,62,261
Additions during the year	1,02,93,312	1,01,29,718
Deductions during the year	-	-
	7,57,85,291	**6,54,91,979**
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	12,206	12,316
Additions during the year	-	-
Deductions during the year	(49)	(110)
	12,157	**12,206**
(c) Others		
Opening balance	92,20,883	83,85,378
Additions during the year*	20,93,074	8,35,505
Deductions during the year	-	-
	1,13,13,957	**92,20,883**
Total (a+b+c)	**1,13,76,205**	**92,83,180**
III. Share premium (Refer Note 1.1 of Schedule 18)		
Opening balance	10,83,15,256	10,66,68,635
Additions during the year	6,69,892	17,06,138
Deductions during the year	(26,648)	(59,517)
	10,89,58,500	**10,83,15,256**
IV. Revenue and Other Reserves		
(a) Revenue Reserve#		
Opening balance	4,20,61,997	3,49,41,682
Additions during the year	61,62,228	71,20,315
Deductions during the year	(69,979)	-
	4,81,54,246	**4,20,61,997**
(b) Investment Fluctuation Reserve		
Opening balance	42,57,034	25,75,332
Additions during the year	5,64,000	16,81,702
Deductions during the year	-	-
	48,21,034	**42,57,034**

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd..)

(₹ in Thousands)

	As on March 31, 2026	As on March 31, 2025
(c) Special Reserve (As per section 36(1)(viii) of Income Tax Act, 1961)		
Opening balance	1,37,83,400	1,18,26,900
Additions during the year	20,54,900	19,56,500
Deductions during the year	-	-
	1,58,38,300	**1,37,83,400**
V. Investment Reserve Account		
Opening balance	-	1,62,431
Additions during the year	-	-
Deductions during the year	-	(1,62,431)
	-	**-**
VI. Foreign Currency Translation Reserve (Refer Schedule 17 (5.6))		
Opening balance	(2,20,203)	(1,77,418)
Additions during the year	-	-
Deductions during the year	(91,352)	(42,785)
	(3,11,555)	**(2,20,203)**
VII. ESOP Reserve		
Opening balance	1,18,984	37,682
Additions during the year	2,65,949	84,856
Deductions during the year	(6,699)	(3,554)
	3,78,234	**1,18,984**
VIII. AFS Reserve		
Opening balance	22,60,539	-
Additions during the year	94,846	30,65,438
Deductions during the year	(22,60,198)	(8,04,899)
	95,187	**22,60,539**
IX. Cash Flow Hedge Reserve		
Opening balance	6,79,092	-
Additions during the year	-	6,96,999
Deductions during the year	(9,49,540)	(17,907)
	(2,70,448)	**6,79,092**
X. Contingency Reserve		
Opening balance	3,01,003	3,01,003
Additions during the year	-	-
Deductions during the year	-	-
	3,01,003	**3,01,003**
XI. Reserve Fund		
Opening balance	11,01,168	8,73,527
Additions during the year	4,51,546	2,35,445
Deductions during the year	(4,382)	(7,804)
	15,48,332	**11,01,168**
XII. General Reserve		
Opening balance	630	636
Additions during the year	-	-
Deductions during the year	(3)	(6)
	627	**630**
XIII. Balance in Consolidated Profit and Loss Account	11,33,35,234	9,30,37,523
Grand Total (I+II+III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII)	**38,00,10,190**	**34,04,71,582**

* - Includes Profit appropriated / transferred to Capital Reserve (net of applicable taxes and transfer to statutory reserve) on :

a) Gain on sale of Held to Maturity Investments ₹ 5,46,382 Thousands (Previous year ₹ 4,40,172 Thousands)

b) Gain on reclassification / sale of investments in Subsidiary / Associate ₹ Nil (Previous year ₹ 3,84,335 Thousands)

c) Gain on sale of Designated Equity ₹ 14,30,896 Thousands (Previous year ₹ Nil)

d) Profit on sale of Premises ₹ 1,15,796 Thousands (Previous year ₹ 10,998 Thousands)

- Includes movement in equity of associate not routed through Profit & Loss Account.

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd..)

SCHEDULE 2A - MINORITY INTEREST

(₹ in Thousands)

	As on March 31, 2026	As on March 31, 2025
Minority interest at the date on which parent-subsidiary relationship came into existence	7,86,638	7,86,638
Subsequent increase	99,06,527	83,61,183
Minority interest on the date of balance sheet	**1,06,93,165**	**91,47,821**

SCHEDULE 3 - DEPOSITS

(₹ in Thousands)

	As on March 31, 2026	As on March 31, 2025
A. I. Demand Deposits		
i. From banks	50,11,455	64,12,684
ii. From others	26,88,94,463	21,68,04,594
	27,39,05,918	**22,32,17,278**
II. Savings Bank Deposits	**76,63,24,503**	**63,89,22,444**
III. Term Deposits		
i. From banks	3,25,60,783	5,12,19,543
ii. From others	2,06,21,17,713	1,92,14,76,963
	2,09,46,78,496	**1,97,26,96,506**
Total (I+II+III)	**3,13,49,08,917**	**2,83,48,36,228**
B. I. Deposits of branches in India	3,12,06,84,093	2,82,99,81,025
II. Deposits of branches outside India	1,42,24,824	48,55,203
Total	**3,13,49,08,917**	**2,83,48,36,228**

SCHEDULE 4 - BORROWINGS

(₹ in Thousands)

	As on March 31, 2026	As on March 31, 2025
I. Borrowings in India		
i. Reserve Bank of India	2,40,00,000	2,25,00,000
ii. Other banks	7,96,08,229	7,43,80,656
iii. Other institutions and agencies	16,21,09,959	19,26,46,797
Total	**26,57,18,188**	**28,95,27,453**
II. Borrowings outside India	6,62,14,383	3,64,30,866
Grand Total (I and II)	**33,19,32,571**	**32,59,58,319**
a) Secured borrowings included in I and II above	23,44,37,865	25,60,32,484
b) Tier II bond included in I(ii) & I(iii) above	2,36,03,000	1,91,03,000

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(₹ in Thousands)

	As on March 31, 2026	As on March 31, 2025
I. Bills Payable	53,24,247	52,29,794
II. Inter - office adjustments (net)	-	-
III. Interest accrued	70,19,951	89,90,951
IV. Others (including provisions)*	13,04,99,104	7,19,72,784
Total	**14,28,43,302**	**8,61,93,529**
*Includes		
(a) General provision for standard assets	1,40,87,022	1,34,13,596
(b) Deferred Tax Liability	20,00,403	9,16,183

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, 2026	As on March 31, 2025
I. Cash in hand (including foreign currency notes)	76,44,512	80,07,520
II. Balance with Reserve Bank of India		
i. in Current Accounts	9,22,53,212	11,40,02,265
ii. in Other Accounts	5,58,70,000	8,16,00,000
Total	**15,57,67,724**	**20,36,09,785**

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(₹ in Thousands)

	As on March 31, 2026	As on March 31, 2025
I. In India		
i. Balances with banks		
a. in Current Accounts	67,27,720	70,23,603
b. in Other Deposit Accounts	98,20,751	64,84,280
ii. Money at call and short notice		
a. With banks	-	-
b. With other institutions	24,96,922	1,06,14,770
Total	**1,90,45,393**	**2,41,22,653**
II. Outside India		
i. in Current Accounts	1,74,38,559	83,59,164
ii. in Other Deposit Accounts	7,39,71,300	7,92,81,370
iii. Money at call and short notice	27,50,215	5,98,325
Total	**9,41,60,074**	**8,82,38,859**
Grand Total (I and II)	**11,32,05,467**	**11,23,61,512**

SCHEDULE 8 - INVESTMENTS

(₹ in Thousands)

Particulars	As on March 31, 2026	As on March 31, 2025
I. Investments in India in		
i. Government securities #	63,93,27,128	56,34,64,217
ii. Other approved securities	-	-
iii. Shares	66,03,166	88,86,630
iv. Debentures and bonds	4,72,46,276	3,44,19,103
v. Associates*	39,61,846	30,93,046
vi. Others @	6,75,07,112	5,05,12,537
Total	**76,46,45,528**	**66,03,75,533**
II. Investments outside India in		
i. Government securities (including local authorities)	46,606	42,008
ii. Associates	-	-
iii. Other investments		
a. Debentures and bonds	-	1,44,264
b. Shares	22,344	14,986
c. Others (Certificate of deposit)	-	-
Total	**68,950**	**2,01,258**
Grand Total (I and II)	**76,47,14,478**	**66,05,76,791**
III. Investments in India		
i. Gross value of investments	76,52,07,105	66,11,94,255
ii. Aggregate of provisions for investments	5,61,577	8,18,722
iii. Net investment	76,46,45,528	66,03,75,533

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd..)

(₹ in Thousands)

Particulars	As on March 31, 2026	As on March 31, 2025
IV. Investments outside India		
i. Gross value of investments	68,950	2,01,257
ii. Aggregate of provisions for investments	-	-
iii. Net investment	68,950	2,01,257
Total (III+IV)	**76,47,14,478**	**66,05,76,790**

Securities valuing ₹ 10,21,78,706 Thousands (Previous year ₹ 9,77,80,879 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 ₹ 5,12,969 Thousands (Previous year ₹ Nil).

@ Comprises of:

(₹ in Thousands)

Particulars	As on March 31, 2026	As on March 31, 2025
Pass Through Certificates (PTCs)	3,69,21,608	3,99,50,669
Certificate of deposits	2,02,84,479	45,39,782
Commercial Paper	80,55,031	27,55,731
Venture Capital Funds (VCFs)	20,57,713	19,90,783
Security Receipts	1,87,889	49,542
Mutual fund	392	11,81,232
Exchange Traded Funds (ETFs)	-	44,798
Total	**6,75,07,112**	**5,05,12,537**

SCHEDULE 9 - ADVANCES

(₹ in Thousands)

	As on March 31, 2026	As on March 31, 2025
A. i. Bills purchased and discounted	9,86,43,488	8,60,87,050
ii. Cash credits, overdrafts and loans repayable on demand	1,01,39,56,324	95,87,02,461
iii. Term loans	1,66,12,06,746	1,40,51,64,049
Total	**2,77,38,06,558**	**2,44,99,53,560**
B. i. Secured by tangible assets*	2,40,41,67,567	2,12,57,01,112
ii. Covered by Bank/ Government guarantees #	3,50,49,578	3,01,83,316
iii. Unsecured	33,45,89,413	29,40,69,132
Total	**2,77,38,06,558**	**2,44,99,53,560**
C. I. Advances in India		
i. Priority sector	86,29,12,529	72,43,30,109
ii. Public sector	17,604	5,17,010
iii. Banks	2,72,16,669	2,64,31,879
iv. Others	1,82,62,62,214	1,66,42,91,810
Total	**2,71,64,09,016**	**2,41,55,70,808**
C. II. Advances outside India		
i. Due from banks	1,92,79,815	54,77,842
ii. Due from others		
a) Bills purchased and discounted	9,65,901	7,81,962
b) Syndicated loans	1,53,94,696	77,36,991
c) Others	2,17,57,130	2,03,85,958
Total	**5,73,97,542**	**3,43,82,753**
Grand Total (C I and C II)	**2,77,38,06,558**	**2,44,99,53,561**

* 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, 2026	As on March 31, 2025
A. Premises #		
Gross Block		
At cost as on 31st March of the preceding year	79,36,422	42,11,444
Additions during the year	1,14,675	37,27,293
Deductions during the year	26,094	2,315
At the end of the year	**80,25,003**	**79,36,422**
Depreciation		
As at the beginning of the year	14,02,001	12,16,304
Charge for the year	2,82,216	1,86,804
Deductions during the year	20,204	1,107
Depreciation to date	**16,64,013**	**14,02,001**
Net Block	**63,60,990**	**65,34,421**
B. Other fixed assets		
(including furniture and fixtures)		
Gross Block		
At cost as on 31st March of the preceding year	2,43,65,864	2,08,98,922
Additions during the year	26,07,832	37,68,620
Deductions during the year	1,90,080	3,01,678
At the end of the year	**2,67,83,616**	**2,43,65,864**
Depreciation		
As at the beginning of the year	1,63,45,249	1,39,33,603
Charge for the year	27,76,238	26,97,499
Deductions during the year	1,78,453	2,85,853
Depreciation to date	**1,89,43,034**	**1,63,45,249**
Net Block	**78,40,582**	**80,20,615**
C. Capital Work in progress (Including Capital Advances)	10,80,141	7,20,509
Grand Total (A+B+C)	**1,52,81,713**	**1,52,75,545**

Includes buildings constructed on leasehold land at different places having original cost of ₹ 51,26,666 Thousands (Previous year ₹ 51,26,666 Thousands) and written down value of ₹ 45,03,136 Thousands (Previous year ₹ 47,27,104 Thousands) with remaining lease period varying from 49 - 60 years.

SCHEDULE 11 - OTHER ASSETS

(₹ in Thousands)

	As on March 31, 2026	As on March 31, 2025
I. Inter - office adjustments (net)	-	-
II. Interest accrued	2,81,33,277	2,40,85,944
III. Tax paid in advance/tax deducted at source (net of provision)	1,79,34,755	1,40,12,552
IV. Stationery and stamps	19,285	18,943
V. Non-banking assets acquired in satisfaction of claims	787	2,926
VI. Others #	15,19,43,942	12,16,21,579
Total	**19,80,32,046**	**15,97,41,944**
# Includes		
(a) Priority sector shortfall deposits	5,29,75,052	8,45,74,562
(b) Security deposits	37,89,107	33,19,684

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd..)

SCHEDULE 12 - CONTINGENT LIABILITIES (Refer Note 1.12 of Schedule 18)

(₹ in Thousands)

	As on March 31, 2026	As on March 31, 2025
I. Claims against the Bank not acknowledged as debts	1,14,09,130	1,99,63,023
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange contracts**	2,65,38,54,996	1,86,33,48,529
IV. Guarantees given on behalf of constituents		
a) In India	16,78,61,953	15,59,22,131
b) Outside India	-	-
V. Acceptances, endorsements and other obligations	5,38,78,462	3,83,49,118
VI. Other items for which the Bank is contingently liable@	88,05,676	52,35,501
Total	**2,89,58,10,217**	**2,08,28,18,302**

** - Including Derivatives

@ - includes ₹ 39,80,334 Thousands (Previous year : ₹ 33,91,759 Thousands) being amount transferred to DEA Fund Cell, RBI and outstanding, as per Reserve Bank of India (Commercial Banks – Miscellaneous) Directions, 2025.

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

SCHEDULE 13 - INTEREST EARNED

(₹ in Thousands)

	Year ended March 31, 2026	Year ended March 31, 2025
I. Interest/discount on advances/bills	23,67,43,831	22,74,48,127
II. Income on investments (including dividend)	4,76,81,007	4,53,79,941
III. Interest on balances with Reserve Bank of India and other inter-bank funds	45,83,324	44,30,042
IV. Others*	77,32,878	38,02,671
Total	**29,67,41,040**	**28,10,60,781**

* - Includes interest on Income tax refunds amounting to ₹ 47,52,177 Thousands (Previous year ₹ 1,30,923 Thousands) accounted based on Assessment Orders received.

SCHEDULE 14 - OTHER INCOME

(₹ in Thousands)

	Year ended March 31, 2026	Year ended March 31, 2025
I. Commission, exchange and brokerage	3,42,74,629	2,90,66,934
II. Profit on sale of investments (Net)	37,41,963	26,34,946
III. Profit / (loss) on revaluation of investments (Net)	(25,17,182)	13,73,140
IV. Profit on sale of land, buildings and other assets (Net)	2,05,792	21,797
V. Profit on foreign exchange/derivative transactions (Net)	64,72,738	23,03,062
VI. Miscellaneous income**	38,05,222	38,41,826
Total	**4,59,83,162**	**3,92,41,705**

** - Includes Recoveries in assets written off ₹ 19,09,523 Thousands (Previous year ₹ 16,39,002 Thousands)

SCHEDULE 15 - INTEREST EXPENDED

(₹ in Thousands)

	Year ended March 31, 2026	Year ended March 31, 2025
I. Interest on deposits	15,92,88,559	15,41,11,859
II. Interest on Reserve Bank of India/ Inter bank borrowings	14,11,572	21,34,912
III. Others	1,70,15,454	2,00,65,966
Total	**17,77,15,585**	**17,63,12,737**

SCHEDULE 16 - OPERATING EXPENSES

(₹ in Thousands)

	Year ended March 31, 2026	Year ended March 31, 2025
I. Payments to and provisions for employees	3,75,56,490	3,54,52,061
II. Rent, taxes and lighting	45,91,074	42,89,876
III. Printing and stationery	6,43,254	5,62,100
IV. Advertisement and publicity	8,70,162	5,52,140
V. Depreciation on group's property	30,58,454	28,84,492
VI. Directors' fees, allowances and expenses	92,169	95,237
VII. Auditors' fees and expenses	63,592	63,065
VIII. Law charges	7,85,143	7,38,685
IX. Postage, telegrams, telephones, etc	26,32,854	19,95,575
X. Repairs and maintenance	18,54,495	17,56,618
XI. Insurance	38,28,117	35,45,130
XII. Other expenditure#	3,06,90,655	2,69,84,499
Total	**8,66,66,459**	**7,89,19,478**

- Includes Corporate Social Responsibility expenditure amounting to ₹ 9,94,762 Thousands (Previous year: ₹ 8,02,164 Thousands)

THE FEDERAL BANK LIMITED

SCHEDULE 17 : SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026

1. Background

The Federal Bank Limited ('FBL' or the 'Bank') together with its subsidiaries and associate (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 associate. 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, 2026	Mar 31, 2025
Fedbank Financial Services Limited (FFSL)	Subsidiary Company	India	The Federal Bank Limited	60.79#	61.03
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	30.00@	26.00

During the year, The Fedbank Financial Services Limited has issued 14,89,247 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, the Bank has acquired 3,20,00,000 equity shares of Ageas Federal Life Insurance Company Limited (associate company) from Ageas Insurance International NV, for a consideration of ₹ 30.45 per share. Total consideration paid was ₹ 97.44 Crore. Pursuant to this acquisition, the Bank now holds 30% shareholding in Ageas Federal Life Insurance Company Limited, on a fully diluted basis.

(ii) The financial statements of the subsidiary companies and the financial statements of the associate have been drawn up to the same reporting date as that of the Bank, i.e. March 31, 2026.

(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 company 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 company has been added to the cost of 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 associate 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 associate (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 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.

Initial recognition

Investments are initially recognised at fair value. Unless facts and circumstances suggest that the fair value is materially different from the acquisition cost, it is presumed that the acquisition cost is the fair value.

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.

Bank categorizes its investment portfolio into three fair value hierarchies based on the inputs to the fair value measurement.

- Level 1 instruments, if quoted prices are available in active markets for identical instruments which can be accessed at measurement date.
- Level 2 instruments, if valuation of instrument is based on inputs other than quoted prices included within Level 1, that are observable for the instrument.
- Level 3 instruments, if valuation is based on unobservable inputs.

In case of level 1 and level 2 instruments, when acquisition cost is not equal to fair value, the resulting Day 1 gain / loss is recognised in profit and loss account. In case of level 3 instruments, Day 1 loss is immediately recognised in profit and loss account, however, day 1 gain from level 3 instruments is deferred. In the case of debt instruments, the Day 1 gain shall be amortised on a straight-line basis up to the maturity date (or earliest call date for perpetual instruments), while for unquoted equity instruments, the gain shall be set aside as a liability until the security is listed or derecognised.

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 Account.
- 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 and 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 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.
- 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 Account.

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 Account.
- 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). Bonds/debentures in foreign currencies are valued based on the last price provided by market information providers such as Bloomberg, Refinitiv, etc.

b. Treasury Bills, Commercial paper, US Treasury bills denominated in foreign currencies 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:

- Unquoted government securities are valued as per the prices published by FBIL. Valuation of other unquoted fixed income securities (bonds and debentures) is done with appropriate mark-up, i.e. applicable FIMMDA published credit spreads over the Yield to Maturity (YTM) rates for Government of India securities as published by FBIL.
- Pass Through Certificates ('PTC') including Priority Sector PTCs are valued by using FIMMDA credit spreads as applicable for the NBFC category, based on the credit rating of the respective PTC over the YTM rates for Government of India securities published by FBIL.
- 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 not guaranteed by Government of India 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. Investment in security receipts guaranteed by Government of India is valued as per the latest NAV declared by Asset Reconstruction Companies. Security receipts outstanding after the final settlement of the government guarantee or the expiry of the guarantee period, whichever is earlier, are valued at ₹1.

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 Account. 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 and 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 Reserve Bank of India (Commercial Banks – Income Recognition, Asset Classification and Provisioning) Directions, 2025. Interest on non-Performing advances is transferred to an unrealized interest account and recognized in Profit and Loss Account upon receipt only.

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 makes additional provisions as per Reserve Bank of India (Commercial Banks – Resolution of Stressed Assets) Directions, 2025, 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.

Loans reported as fraud are classified as loss assets, and fully provided immediately without considering the value of security.

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.

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 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.

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 stressed assets, 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. Additionally, the bank shall reverse the entire excess provision (i.e., Sale Consideration less Net Book Value) to the profit and loss account in the year of transfer if the sale consideration comprises only of cash and security receipts guaranteed by the Government of India.

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 (IBU at Gift City):

- 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 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.

- 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

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		45.08
Vehicles - Cars	8	WDV	31.24
Furniture & Fixtures	10		25.88

- Lease hold improvements are being amortized over the period of lease.
- 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

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 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) & Employee Stock Option Scheme 2025 (ESOS 2025) 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) and the Federal Bank Limited Employee Stock Incentive Scheme 2025 (ESIS 2025) 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 is 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 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.

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, 2026

Amounts in Notes to Accounts forming part of the Consolidated Financial Statements for the year ended March 31, 2026 are denominated in ₹ Crore to conform to extant RBI guidelines except where stated otherwise.

1.1 Share Capital

1.1.A. Equity Issue

During the year, the Bank has allotted 84,53,291 (previous year 2,04,77,127) equity shares consequent to exercise of ESOS vested. Accordingly, the share capital increased by ₹ 1.69 Crore (previous year ₹ 4.10 Crore) and share premium account increased by ₹ 62.75 Crore (previous year ₹ 161.23 Crore).

During the year, the Bank has issued and allotted 27,29,74,043 warrants by way of preferential allotment on a private placement basis to Asia II Topco XIII Pte. Ltd., on receipt of 25% of the warrant price of ₹ 227 per warrant, aggregating to ₹ 1,549.13 Crore. Each warrant carries the right to subscribe to one fully paid up equity share of the Bank having a face value of ₹ 2 per share, upon exercise, by paying the remaining 75% within 18 months of allotment.

1.1.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) 2,50,20,760 underlying equity shares of ₹ 2/- each (previous year 2,42,47,016 equity shares of ₹ 2/- each) held by custodian on behalf of holders of Global Depository Receipts (GDRs) .

1.1.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) 2,62,100 equity shares of ₹ 2 /- each (previous year 2,62,100 equity shares of ₹ 2/- each) pertaining to the Rights issue of 1996 issued at a premium of ₹ 28 /- per share.

(iii) 10,56,665 equity shares of ₹ 2 /- each (previous year 10,56,665 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) 3,96,670 equity shares of ₹ 2/- each (previous year 3,96,670 equity shares of ₹ 2/- each) out of the Bonus issue of 2004 and

(ii) 5,97,005 equity shares of ₹ 2 /- each (previous year 5,97,005 equity shares of ₹ 2/- each) out of the Bonus issue of 2015.

1.1.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.

Stock option activity under the Scheme for the year ended March 31, 2026 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	78,73,800	75.00 - 162.40	135.35	6.83
Granted during the year*	6,95,000	196.35 - 286.50	274.25	8.06
Exercised during the year	3,32,965	75.00 - 125.25	108.48	-
Forfeited/lapsed during the year	3,07,300	112.35 - 162.40	136.53	-
Outstanding at the end of the year	79,28,535	125.25 - 286.50	148.61	6.18
Exercisable at the end of the year	11,12,350	125.25	125.25	4.41

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	58,97,550	53.70 - 125.25	122.09	7.21
Granted during the year**	23,14,750	162.40	162.40	7.65
Exercised during the year	2,35,000	53.70 - 112.35	71.05	-
Forfeited/lapsed during the year	1,03,500	125.25 - 162.40	130.63	-
Outstanding at the end of the year	78,73,800	75.00 - 162.40	135.35	6.83
Exercisable at the end of the year	1,60,000	75.00 - 112.35	88.34	0.60

*Details of options granted during the year ended March 31, 2026 are given below:

Date of grant	No. of options Granted	Grant price (₹ per option)
August 11, 2025	5,000	196.35
December 20, 2025	2,15,000	267.85
December 31, 2025	25,000	267.60
January 06, 2026	1,05,000	263.75
January 27, 2026	1,50,000	278.55
March 08, 2026	1,95,000	286.50

**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	23,14,750	162.40

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, 2026 (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 ₹ 0.30 Crore as employee cost in the Profit and Loss Account during the year ended March 31, 2026 (previous year ₹ 1.15 Crore).

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Contd..)

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, 2026 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	3,80,75,617	38.30 - 192.56	84.53	3.97
Granted during the year*	6,80,000	194.92 -199.83	195.14	6.51
Exercised during the year	81,20,326	38.30 - 135.65	74.32	-
Forfeited/lapsed during the year	3,01,622	38.30 - 183.67	101.81	-
Outstanding at the end of the year	3,03,33,669	38.30 - 199.83	89.57	3.27
Exercisable at the end of the year	2,25,52,982	38.30 - 148.10	73.51	2.22

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	5,58,27,490	38.30 - 148.10	78.02	3.40
Granted during the year**	49,98,000	74.15 - 192.56	148.20	7.71
Exercised during the year	2,02,42,127	38.30 - 120.85	80.75	-
Forfeited/lapsed during the year	25,07,746	38.30 - 166.83	96.95	-
Outstanding at the end of the year	3,80,75,617	38.30 - 192.56	84.53	3.97
Exercisable at the end of the year	2,78,86,663	38.30 - 135.65	72.44	2.99

*Details of options granted during the year ended March 31, 2026 are given below:

Date of grant	No. of options Granted	Grant price (₹ per option)
April 17, 2025	6,50,000	194.92
April 29, 2025	30,000	199.83

**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	5,10,000	74.15
September 11, 2024	8,52,000	111.22
September 11, 2024	35,61,000	166.83
January 15, 2025	30,000	192.56
February 12, 2025	35,000	183.67
March 20, 2025	10,000	186.19

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (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 ₹ 6.10 Crore as employee cost in the Profit and Loss Account during the year ended March 31, 2026 (previous year: ₹ 3.41 Crore).

#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 ₹ 1.92 Crore as employee cost in the Profit and Loss Account during the year ended March 31, 2026 (previous year ₹ 0.74 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, 2026 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	12,00,000	187.65	187.65	6.99
Granted during the year *	29,72,800	195.86 - 207.51	205.94	6.75
Exercised during the year	-	-	-	-
Forfeited/lapsed during the year	11,000	207.51	207.51	-
Outstanding at the end of the year	41,61,800	187.65 -207.51	200.66	6.53
Exercisable at the end of the year	3,00,000	187.65	187.65	4.48

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 **	12,00,000	187.65	187.65	6.99
Exercised during the year	-	-	-	-
Forfeited/lapsed during the year	-	-	-	-
Outstanding at the end of the year	12,00,000	187.65	187.65	6.99
Exercisable at the end of the year	-	-	-	-

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Contd..)

*Details of options granted during the year ended March 31, 2026 are given below:

Date of grant	No. of options Granted	Grant price (₹ per option)
June 21, 2025	25,72,800	207.51
August 18, 2025	4,00,000#	195.86

**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	12,00,000#	187.65

During the year ended March 31, 2025, 16,00,000 Stock Options were granted on September 24, 2024. Pursuant to the NRC meeting held on June 28, 2025, the said grant was subsequently split into two tranches, comprising 12,00,000 Stock Options in the first tranche and 4,00,000 Stock Options in the second tranche on August 18, 2025.

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, 2026 (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 ₹ 4.15 Crore as employee cost in the Profit and Loss Account during the year ended March 31, 2026 (previous year ₹ 3.01 Crore).

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, 2026 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	4.69
Granted during the year*	14,82,000	2.00	2.00	5.24
Exercised during the year	-	-	-	-
Forfeited/lapsed during the year	3,500	2.00	2.00	-
Outstanding at the end of the year	15,03,500	2.00	2.00	5.21
Exercisable at the end of the year	16,500	2.00	2.00	3.18

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (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	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

*Details of options granted during the year ended March 31, 2026 are given below:

Date of grant	No. of options Granted	Grant price (₹ per option)
June, 21 2025	14,82,000	2

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 ₹ 14.12 Crore as employee cost in the Profit and Loss Account during the year ended March 31, 2026 (previous year ₹ 0.18 Crore).

v) Employee Stock Option Scheme 2025 (ESOS 2025)

Shareholders of the Bank had approved The Federal Bank Limited Employee Stock Option Scheme 2025 (ESOS 2025) in the AGM held on August 29, 2025, 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 1.00% 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. During the year, no options were granted.

vi) Employee Stock Incentive Scheme 2025 (ESIS 2025)

Shareholders of the Bank had approved The Federal Bank Limited Employee Stock Incentive Scheme 2025 (ESIS 2025) in the AGM held on August 29, 2025, 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 0.60% 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 three years from the date of vesting of options. During the year, no options were granted.

vii) Cash Settled Stock Appreciation Rights Plan 2026 (CSAR 2026)

The Board of Directors of the Bank had approved The Federal Bank Limited Cash Settled Stock Appreciation Rights Scheme 2026 (CSAR 2026) on March 27, 2026. The Cash Settled Stock Appreciation Rights (CSARs) are settled in cash and vest on the respective due dates as per the terms and conditions of grant. During the year, no CSAR Units were granted.

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, 2026 was ₹ 229.47 (previous year ₹ 186.25).

viii) 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 ₹ 17.14 Crore (previous year ₹ 17.59 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 ₹ 16.67 and ₹ 16.49 (previous year ₹ 16.47 and ₹ 16.33) respectively.

Weighted average fair value of options granted during the years ended March 31, 2026 and March 31, 2025 are as follows:

Particulars	March 31, 2026	March 31, 2025
Weighted average fair value of options granted during the year (in ₹)	103.94	75.17

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, 2026	March 31, 2025
Dividend yield	0.42% - 2.00%	0.60% - 2.00%
Expected life (in years)	3.00- 6.75	2.50 -6.75
Risk free interest rate	5.00% - 7.75%	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	Expected volatility is determined as the Standard deviation of the Stock returns of bank over the trailing year period.	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 valuer and relied upon by the auditors.

Fedbank Financial Services Limited

i) Employee Stock Option Plan

Shareholders of the Company had approved "Fedbank Financial Services Limited Employee Stock Option Plan 2018" ("ESOP 2018 Plan") on November 13, 2018, enabling the Board and/or the "Nomination and Remuneration Committee" (NRC) to grant such number of equity shares, including options, to eligible employee(s) of the Company each of which is convertible into one equity share, not exceeding 6% of the aggregate number of paid up equity shares of the Company. Post Listing, the ESOP 2018 Plan was ratified by the shareholders vide special resolution passed in the EGM on 22nd February 2024.

Further, the Shareholders of the Company had approved a new scheme titled as "Fedbank Financial Services Limited-ESOS, 2024" ("ESOP 2024 Plan"), on September 19, 2024, enabling the Board and/or the "Nomination and Remuneration Committee" (NRC) to grant such number of equity shares, including options, to eligible employee(s) of the Company each of which is convertible into one equity share, not exceeding 3% of the aggregate number of paid up equity shares of the Company.

Further, both the ESOP 2018 Plan and ESOP 2024 Plan were amended by Shareholders of the Company on September 29, 2025. Such options vest at definitive date, save for specific incidents, prescribed in scheme as framed/approved by NRC. Such options are exercisable for period following vesting at the discretion of the NRC and meeting such vesting conditions as may be mentioned in the grant letter, subject to maximum of 3 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, 2026 (Contd..)

Movement in the options outstanding under the Employee Stock Option Plan

(Number of Options)

Particulars	ESOP 2018		ESOP 2024	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Outstanding at the beginning of the year	35,31,836	88,89,079	37,25,000	-
Granted during the year	18,35,160	-	36,68,528	37,25,000
Exercised during the year	15,10,747	33,29,955	-	-
Forfeited/lapsed during the year	5,88,436	20,27,288	1,10,000	-
Outstanding at the end of the year	32,67,813	35,31,836	72,83,528	37,25,000
Exercisable at the end of the year	6,87,969	13,48,082	-	-

(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 ₹ 8.84 Crore (Previous Year: ₹ 0.95 Crore). 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 ₹ 9.71 and ₹ 9.62 (Previous Year: ₹ 5.17 and ₹ 5.15) 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 ₹ 22.52 Crore (previous year ₹ 15.60 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 ₹ 17.58 and ₹ 17.42 (previous year ₹ 16.91 and ₹ 16.78) respectively.

1.1.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 2025-26 (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 ₹ 295.71 Crore from the Profit and Loss Account for the year ended March 31, 2026.

During the year, the Bank paid a final dividend of ₹ 1.20 per equity share amounting ₹ 295.04 Crore pertaining to year ended March 31, 2025, has been considered as an appropriation from the Profit and Loss Account during the year.

1.2. Employee Benefits (AS 15)

1.2.A Defined Contribution Plan

The Bank

i) 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 ₹ 1.22 Crore (previous year: ₹ 1.15 Crore) for provident fund contribution in the Profit and Loss Account.

ii) 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 ₹ 151.14 Crore (previous year: ₹ 137.66 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 ₹ 24.27 Crore (previous year ₹ 21.16 Crore) for provident fund contributions, ₹ 0.98 Crore (previous year ₹ 1.00 Crore) for Employee State Insurance Scheme Contributions and ₹ 151.14 Crore (previous year ₹ 137.66 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.

1.2.B Defined benefit plan

i) 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 Statement of Profit and Loss 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 Statement of Profit and Loss for the period in which they occur.

ii) 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 FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Contd..)

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:

a) Change in benefit obligations

(Amount in ₹ Crore)

Particulars	Gratuity Plan						Pension Plan	
	FBL		FFSL		FOSL		FBL	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Projected benefit obligation at the beginning of the year	664.75	608.30	10.12	7.45	1.56	1.09	2,043.38	1,851.25
Current Service Cost	50.81	45.04	4.42	3.54	0.85	0.69	383.69	371.64
Past Service Cost	-	-	1.85	-	-	-	-	-
Interest cost	51.19	40.77	0.61	0.48	0.11	0.07	144.48	117.47
Actuarial (gain)/ loss	(36.89)	25.80	(0.36)	(1.30)	(0.34)	(0.10)	(186.70)	(44.49)
Benefits paid	(30.39)	(55.16)	(2.51)	(0.05)	(0.19)	(0.19)	(181.78)	(252.49)
Projected benefit obligation at the end of the year	**699.47**	**664.75**	**14.13**	**10.12**	**1.99**	**1.56**	**2,203.07**	**2,043.38**

b) Change in plan assets

(Amount in ₹ Crore)

Particulars	Gratuity Plan						Pension Plan	
	FBL		FFSL		FOSL		FBL	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Plan assets at the beginning of the year at fair value	672.39	474.06	2.97	2.78	0.31	0.28	2,062.89	1,751.15
Expected return on plan assets	52.98	33.28	0.19	0.19	0.02	0.03	152.65	119.25
Actuarial gain/(loss)	(0.11)	13.62	(0.10)	0.05	-	-	12.11	28.12
Employer's Contributions	34.47	206.59	-	-	0.19	0.19	213.16	416.86
Benefits paid	(30.39)	(55.16)	-	(0.05)	(0.19)	(0.19)	(181.78)	(252.49)
Plan assets at the end of the year at fair value	**729.34**	**672.39**	**3.06**	**2.97**	**0.33**	**0.31**	**2,259.03**	**2,062.89**

c) 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, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Fair value of plan assets at the end of the year	729.34	672.39	3.06	2.97	0.33	0.31	2,259.03	2,062.89
Present value of the defined benefit obligations at the end of the year	699.47	664.75	14.13	10.12	1.99	1.56	2,203.07	2,043.38
Liability/ (Asset) recognized in the Consolidated Balance Sheet	**(29.87)**	**(7.64)**	**11.07**	**7.15**	**1.66**	**1.25**	**(55.96)**	**(19.51)**

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Contd..)

d) Gratuity/ pension cost

(Amount in ₹ Crore)

Particulars	Gratuity Plan						Pension Plan	
	FBL		FFSL		FOSL		FBL	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Current Service cost	50.81	45.04	4.42	3.54	0.85	0.69	383.69	371.64
Past Service Cost	-	-	1.85	-	-	-	-	-
Interest cost	51.19	40.77	0.61	0.48	0.11	0.07	144.48	117.47
Expected return on plan assets	(52.98)	(33.28)	(0.19)	(0.19)	(0.02)	(0.03)	(152.65)	(119.25)
Actuarial (gain)/loss	(36.78)	12.18	(0.26)	(1.35)	(0.34)	(0.10)	(198.81)	(72.61)
Net Cost	12.24	64.71	6.43	2.48	0.60	0.63	176.71	297.25
Other direct contributions to the Fund	-	-	-	-	-	-	-	-
Net Cost Debit to Consolidated Profit and Loss Account	12.24	64.71	6.43	2.48	0.60	0.63	176.71	297.25
Actual return on plan assets##	52.87	46.90	0.09	0.24	0.02	0.02	164.77	147.37

##Figures taken from Audited Financial statements of respective trusts.

e) Investment details of plan Assets*

(Amount in ₹ Crore)

Particulars	Gratuity Plan		Pension Plan	
	FBL		FBL	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Central and state Government bonds	-	-	-	-
Other debt securities	-	-	-	-
Balance in Saving bank account with the Bank	1.65	3.90	3.66	25.61
Net current assets	-	-	-	-
Balance with LIC #	727.69	668.49	2,255.37	2,037.27
Total	**729.34**	**672.39**	**2,259.03**	**2,062.88**

* - 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.

f) Experience adjustments

Gratuity Plan

The Bank

(Amount in ₹ Crore)

Particulars	March 31, 2026	March 31, 2025	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021
Defined Benefit Obligations	699.47	664.75	608.30	440.73	451.29	467.81
Plan Assets	729.34	672.39	474.06	464.10	493.78	469.49
Surplus/(Deficit)	29.87	7.64	(134.24)	23.37	42.49	1.68
Experience adjustments on Plan Liabilities [(Gain)/Loss]	(65.35)	4.28	119.72	2.78	8.09	(89.21)
Experience Adjustments on Plan Assets [Gain/ (Loss)]	(6.39)	15.03	2.71	4.11	(7.67)	7.20

Fedbank Financial Services Limited

(Amount in ₹ Crore)

Particulars	March 31, 2026	March 31, 2025	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021
Defined Benefit obligations	14.13	10.12	7.45	4.62	3.19	2.49
Plan Assets	3.06	2.97	2.78	2.87	3.07	2.33
Surplus/(Deficit)	(11.07)	(7.15)	(4.67)	(1.75)	(0.12)	(0.16)
Experience adjustments on Plan Liabilities [(Gain)/ Loss]	(0.20)	(1.98)	(0.35)	0.29	(0.75)	(0.29)
Actuarial Gain / (Loss) on Plan Assets	(0.10)	0.05	0.09	(0.18)	0.01	0.15

Federal Operations and Services Limited

(Amount in ₹ Crore)

Particulars	March 31, 2026	March 31, 2025	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021
Defined Benefit obligations	1.99	1.56	1.09	0.68	0.45	0.16
Plan Assets	0.33	0.31	0.28	-	-	-
Surplus/(Deficit)	(1.66)	(1.25)	(0.81)	(0.68)	(0.45)	(0.16)
Experience adjustments on Plan Liabilities [(Gain)/ Loss]	0.04	(0.09)	(0.06)	(0.13)	0.06	(0.01)
Experience adjustments on Plan Assets [Gain/ (Loss)]	-	-	-	-	-	-

* denotes figures less than ₹ 1 lakh

Pension Plan

The Bank

(Amount in ₹ Crore)

Particulars	March 31, 2026	March 31, 2025	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021
Defined Benefit Obligations	2,203.07	2,043.38	1,851.25	1,701.56	1,747.94	1,486.28
Plan Assets	2,259.03	2,062.89	1,751.15	1,697.14	1,803.99	1,494.71
Surplus/(Deficit)	55.96	19.51	(100.10)	(4.42)	56.05	8.43
Experience adjustments on Plan Liabilities [(Gain)/Loss]	77.32	(114.84)	(132.83)	(128.95)	(342.70)	(327.78)
Experience adjustments on Plan Assets [Gain/(Loss)]	(1.22)	36.58	12.25	13.25	(0.49)	13.79

g) Assumption

Particulars	Gratuity Plan						Pension Plan	
	FBL		FFSL		FOSL		FBL	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Discount rate	7.88%	7.02%	6.46%	6.37%	7.86%	7.06%	7.40%	6.81%
Annuity rate per Rupee (in ₹)	-	-	-	-	-	-	140.87	133.49
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	7.88%	7.02%	-	-	-	-	7.40%	6.81%
Attrition Rate	2.00%	2.00%	-	-	-	-	1.00%	1.00%
Mortality Table	IIAM 2012-15 Ultimate	IIAM 2012-15 Ultimate	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate	IIAM 2012-15 Ultimate	IIAM 2012-15 Ultimate	IIAM 2012-15 Ultimate	IIAM 2012-15 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.

1.2.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 Statement of Profit and Loss for the year in which they occur.

Federal Operations and Services Limited

The employees are entitled for 12/15/30 days leave (Based on the limits of Concerned states) during the calendar year, which can be accumulated up to 24/30/60 days. The Company provides for the liability at year end on account of unavailed and carried forward leave as per the actuarial valuation using the Projected Unit Credit Method.

Group

A sum of ₹ 36.55 Crore (previous year ₹ 103.05 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, 2026			March 31, 2025		
	FBL	FFSL	FOSL	FBL	FFSL	FOSL
Privilege leave	625.98	7.91	0.73	603.22	6.11	-
Sick leave	45.11	-	-	44.97	-	-
Leave travel concession	62.83	-	-	55.52	-	-
Casual leave	5.84	-	-	3.74	-	-
Total actuarial liability	**739.76**	**7.91**	**0.73**	**707.45**	**6.11**	**-**
Assumptions						
Discount rate	7.88%	6.46%	7.87%	7.02%	6.37%	-
Salary escalation rate	5.00%	6.50%	5.00%	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.

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Contd..)

1.3. Segment Reporting (AS 17)

1.3.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:

i) 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.

ii) 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.

iii) 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.

iv) 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.

v) 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 FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Contd..)

The following table sets forth, for the years indicated, the business segment results:

March 31, 2026

(Amount in ₹ Crore)

Business Segments	Treasury	Corporate/ Wholesale Banking	Retail Banking#	Other Banking Operations	Total
1. Revenue	6,704.18	12,222.02	33,886.52	487.78	53,300.50
2. Unallocated revenue					508.75
3. Inter Segment Revenue					19,536.83
4. Income from operations (1+2-3)					34,272.42
5. Result (net of provisions)	1,194.36	2,382.88	1,858.75	374.65	5,810.64
6. Unallocated income / (expense)					52.79
7. Operating profit (PBT) (5+6)					5,863.43
8. Income taxes					1,380.05
9. Share in profit of associates					7.56
10. Minority interest					145.64
11. Extraordinary profit/(loss)	-	-	-	-	-
12. Net profit (7-8+9-10+11)					4,345.30
OTHER INFORMATION					
13. Segment assets	1,09,601.31	1,29,028.56	1,61,063.01	51.69	3,99,744.57
14. Unallocated assets					2,336.23
15. Total assets (13+14)					4,02,080.80
16. Segment liabilities	37,258.14	43,849.40	2,78,531.06	2.92	3,59,641.52
17. Unallocated liabilities					1,326.95
18. Total liabilities (16+17)					3,60,968.47

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	3,361.74	100.96	8,225.08	23,495.18
Other Retail Banking	30,524.78	1,757.79	1,52,837.93	2,55,035.88

March 31, 2025

(Amount in ₹ Crore)

Business Segments	Treasury	Corporate/ Wholesale Banking	Retail Banking#	Other Banking Operations	Total
1. Revenue	6,696.20	11,639.63	32,386.94	341.63	51,064.40
2. Unallocated revenue					27.14
3. Inter Segment Revenue					19,061.29
4. Income from operations (1+2-3)					32,030.25
5. Result (net of provisions)	962.14	2,291.83	2,091.45	215.27	5,560.69
6. Unallocated income / (expense)					27.14
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
13. Segment assets	1,01,339.92	1,15,761.13	1,40,258.57	33.52	3,57,393.14
14. Unallocated assets					2,758.77
15. Total assets (13+14)					3,60,151.91
16. Segment liabilities	38,491.03	36,925.72	2,48,093.67	1.95	3,23,512.37
17. Unallocated liabilities					1,186.43
18. Total liabilities (16+17)					3,24,698.80

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Contd..)

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	2,924.97	(4.66)	7,456.33	19,136.36
Other Retail Banking	29,461.97	2,096.11	1,32,802.24	2,28,957.31

Note: The Bank has made improvements to the internal transfer pricing methodology aligning to matched maturities for better presentation of the segment information effective from April 01, 2025. Correspondingly the segment information for previous periods have been regrouped / reclassified to conform to current period's presentation. This change in segment information does not impact the segment identification, overall Revenue, Results, Assets, Liabilities and Capital Employed of the Bank for the year ended March 31, 2026 and March 31, 2025.

1.3.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)

1.4.A. Details of Related Parties:

i) Associates/joint ventures/other related entities

Name of the entity	Nature of Relationship
Ageas Federal Life Insurance Company Limited	Associate
Federal Bank Hormis Memorial Foundation	Other related entity
Simpack Packaging Private Limited	Other related entity
Manians Family Trust	Other related entity
Manians Family Trust II	Other related entity
Aishwaryam Logistics Private Limited	Other related entity

ii) Key Management Personnel (KMP)

Name of the Key Management personnel	Relatives of the Key Management Personnel	Description of Relationships
Mr. Krishnan Venkat Subramanian, Managing Director & CEO	• Ms. Seetha Krishnan • Ms. Vanathi Gopalakrishnan • Mr. Shashank Manian • Ms. Shruti Manian • Mr. Anand Krishnan • Mr. Ramesh Krishnan • Ms. Lalitha Mohan	• Mother • Spouse • Son • Daughter • Brother • Brother • Sister
Mr. Harsh Dugar Executive Director	• Mr. Umed Mal Dugar • Ms. Saroj Devi Dugar • Mr. Siddhartha Dugar • Ms. Shilpa Pagaria • Ms. Ektaa Dugar • Ms. Tarasha Dugar • Ms. Anaika Dugar	• Father • Mother • Brother • Sister • Spouse • Daughter • Daughter

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Contd..)

Name of the Key Management personnel	Relatives of the Key Management Personnel	Description of Relationships
Mr. Venkatraman Venkateswaran Executive Director *(Appointed on July 10, 2025)*	• Visalam Eswaran • Neela Venkatraman • Bhaskar Venkatraman • Radhika Venkatraman • V Krishnan • V Mayuranathan	• Mother • Spouse • Son • Daughter • Brother • Brother
Ms. Shalini Warrier, Executive Director *(Ceased to be ED as on May 23, 2025)*	• Ms. Parvathi Warrier • Ms. Asha Warrier	• Mother • Sister

1.4.B. Related Party transactions

Transactions with related parties for the year ended March 31, 2026:

(Amount in ₹ Crore)

Items/Related Party	KMP	Relatives of KMP	Other related entities	Total
Interest paid	0.09	0.34	0.07	0.50
Interest received	0.03	-	-	0.03
Income from services rendered	*	*	-	*
Remuneration paid	8.48	-	-	8.48
Dividend paid	0.34	*	0.12	0.46
CSR related expenses	-	-	89.49	89.49
Share issue proceeds received on exercise of ESOS	9.29	-	-	9.29
Number of options granted under ESOS	8,09,000	-	-	8,09,000

* Denotes figures less than ₹ 1 Lakh.

Balances outstanding of the related parties of the Bank as on March 31, 2026:

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	KMP	Relatives of KMP	Other related entities	Total
Deposits	0.99	9.77	2.10	12.86
	(8.86)	(16.34)	-	(25.20)
Advances	1.08	-	-	1.08
	(1.11)	-	-	(1.11)
Investment in Shares of the Bank	0.35	*	0.10	0.45
(at Face Value terms)	(0.37)	(*)	(0.10)	(0.47)
Number of options outstanding under ESOS.	33,77,625	-	-	33,77,625

* 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, 2026 (Contd..)

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	-	17,27,500	-	-	17,27,500

* Denotes figures less than ₹ 1 Lakh.

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	-	0.51	*	0.19	0.70
(at Face Value terms)	-	(0.51)	*	(0.19)	(0.70)
Receivable	18.96	-	-	-	18.96
	(39.36)	-	-	-	(39.36)
Number of options outstanding under ESOS.	-	38,95,200	-	-	38,95,200

* Denotes figures less than ₹ 1 Lakh.

1.4.C. Significant Related Party Transactions

The significant transactions between the Bank and the related parties for the year ended March 31, 2026 and March 31, 2025 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, 2026	March 31, 2025
Interest paid	Mr. Shyam Srinivasan	NA	0.19
	Ms. Shalini Warrier	-@	0.15
	Mr. Umed Mal Dugar	0.20	0.10
	Mr. Venkatraman Venkateswaran	0.08	NA
	Ms. Vanathi Gopalakrishnan	0.13	0.04#
	Federal Bank Hormis Memorial Foundation	0.07	0.08#
Interest received	Mr. Harsh Dugar	0.03	0.03
	Mr. Siddhartha Dugar	-	0.10

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Contd..)

(Amount in ₹ Crore)

Nature of Transaction	Name of the Related party	March 31, 2026	March 31, 2025
Remuneration paid	Mr. Shyam Srinivasan	NA	5.45
	Mr. Krishnan Venkat Subramanian	4.01	1.76
	Mr. Harsh Dugar	2.21	1.57
	Mr. Venkatraman Venkateswaran	1.80	NA
	Ms. Shalini Warrier	0.45@	1.57
Dividend paid	Mr. Shyam Srinivasan	NA	0.13
	Mr. Harsh Dugar	0.15	0.11
	Manians Family Trust II	0.12	-#
	Ms. Shalini Warrier	0.19	0.16
CSR related expenses	Federal Bank Hormis Memorial Foundation	89.49	63.37
Share issue proceeds received on exercise of ESOS	Mr. Harsh Dugar	1.78	4.69
	Mr. Venkatraman Venkateswaran	7.51	NA
	Ms. Shalini Warrier	-@	5.58
Number of options granted under ESOS	Mr. Krishnan Venkat Subramanian	5,56,500	16,00,000
	Mr. Harsh Dugar	1,62,300	63,000
	Mr. Venkatraman Venkateswaran	90,200	NA
	Ms. Shalini Warrier	-@	64,500

@Not a significant related party transaction in FY 2025-26

Not a significant related party transaction in FY 2024-25

* Denotes figures less than ₹ 1 Lakh.

NA - Not a related party during the year

Note: In accordance with RBI Master Directions, details pertaining to the related party transactions have not been provided where there is only one related party in a category.

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 ₹ 292.55 Crore (previous year: ₹ 266.73 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.

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, 2026	March 31, 2025
Future minimum lease payments:		
- Up to one year	6.32	6.03
- More than one year and up to five years	13.61	19.94
- More than five years	-	-
Lease payments recognised in the Profit and Loss Account with respect to above mentioned operating lease arrangement	6.32	4.46

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 ₹ 42.80 Crore (previous year ₹ 38.81 Crore) have been recognised as "Rent Paid" in the Profit and Loss Account.

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Contd..)

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, 2026	March 31, 2025
Lease rentals recognized during the year	3.31	1.70
Lease obligations payable:		
a) Not later than one year	3.81	2.30
b) Later than one year but not later than five years	13.09	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, 2026	March 31, 2025
Earnings used in the computation of basic and diluted earnings per share (₹ in Crore)	4,345.30	4,158.85
Basic earnings per share (in ₹)	17.67	16.98
Effect of potential equity shares (in ₹)	0.19	0.18
Diluted earnings per share (in ₹)	17.48	16.80
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)	245.96	244.95
Add: Effect of dilutive potential equity shares – share options (in Crore)	2.63	2.62
Add: Effect of dilutive potential equity shares – share warrants (in Crore)	0.03	-
Diluted weighted average number of equity shares outstanding (in Crore)	248.62	247.57

1.7. Deferred Tax Assets / Liabilities (AS 22)

The major components of deferred tax assets and deferred tax liabilities arising out of timing difference are as under:

(Amount in ₹ Crore)

Particulars	March 31, 2026	March 31, 2025
Deferred Tax Liabilities		
Tax effect of items constituting deferred tax liabilities:		
(i) Interest accrued but not due	263.19	239.05
(ii) Depreciation on Investments	2.80	2.97
(iii) Special Reserve under Section 36 (1) (viii) of the Income Tax Act, 1961	384.27	332.55
(iv) Investment revalued as per RBI guidelines transferred to AFS reserve	3.20	76.03
(v) Investment revalued as per RBI guidelines transferred to/from the General Reserve	54.40	29.46
(vi) Others	100.99	8.55
Total - (A)	**808.85**	**688.61**
Deferred Tax Assets		
Tax effect of items constituting deferred tax assets:		
(i) Interest/premium paid on purchase of securities	0.16	0.19
(ii) Provision for Standard Assets	339.23	314.97

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Contd..)

(Amount in ₹ Crore)

Particulars	March 31, 2026	March 31, 2025
(iii) Depreciation on Fixed Assets	2.07	0.44
(iv) Others	267.35	281.39
Total - (B)	608.81	596.99
Net Deferred tax liabilities/ (Asset) (A-B)	200.04	91.62

1.8. Provisions and Contingencies recognised in the Consolidated Profit and Loss Account includes:

(Amount in ₹ Crore)

Sl. No.	Particulars	March 31, 2026	March 31, 2025
i)	Provision towards NPAs	1,891.16	926.80
ii)	Provision for Non-Performing Investments	(8.25)	(14.99)
iii)	Provision for Standard Assets	67.34	17.44
iv)	Provision for Taxation#	1,380.05	1,386.34
v)	Provision towards other contingencies.	20.54	(10.04)
	Total	3,350.84	2,305.55

#Amount of Provisions made for income-tax during the year:

(Amount in ₹ Crore)

Particulars	March 31, 2026	March 31, 2025
Provision for Income Tax		
a) Current Tax	1,222.98	1,386.70
a) Deferred Tax	157.07	(0.36)
Total	1,380.05	1,386.34

1.9. Details of penalty imposed by the Reserve Bank of India

The Bank

(Amount in ₹ Lakh)

Particulars	March 31, 2026	March 31, 2025
a) Penalty imposed on currency chests		
Number of instances of default	32	22
Quantum of penalty imposed	1.01	1.88
b) Penalty imposed on deficiency in regulatory compliances		
Number of instances of default	59	54
Quantum of penalty imposed	29.80	48.69

Fedbank Financial Services Limited

No Penalty was imposed on Fedbank Financial Services Limited for the reporting period FY 2025-26. (previous year: Nil)

1.10. Fixed Assets

1.10.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, 2026	March 31, 2025
Gross Block		
At cost as on 31st March of the preceding year	651.39	571.33
Additions during the year	59.58	80.07
Deductions / Adjustments during the year	0.64	0.01
At the end of the year	710.33	651.39

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Contd..)

(Amount in ₹ Crore)

Particulars	March 31, 2026	March 31, 2025
Depreciation / Amortization		
At the beginning of the year	486.60	398.66
Charge for the year	78.62	87.94
Deductions during the year	-	-
Depreciation to date	565.22	486.60
Net Block	145.11	164.79

1.10.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, 2026 and March 31, 2025.

1.11. Provisions and Contingencies

The Bank

i) Movement in provision for non-credit related* frauds included under other liabilities

(Amount in ₹ Crore)

Particulars	March 31, 2026	March 31, 2025
Opening balance	32.88	34.66
Additions during the year	4.01	2.92
Reductions during the year	(1.67)	(4.70)
Closing balance	35.22	32.88

* Provision for credit related frauds is included in Provision towards NPAs.

ii) Movement in provision for other contingencies

(Amount in ₹ Crore)

Particulars	March 31, 2026	March 31, 2025
Opening provision	62.24	75.05
Provision made during the year	21.25	10.74
Provision utilized for write off during the year	(11.01)	(3.28)
Reductions during the year	(3.08)	(20.27)
Closing provision	69.40	62.24

iii) Movement in floating provision

(Amount in ₹ Crore)

Particulars	Standard Asset Provision		NPA Provision	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Opening balance	12.75	12.75	69.18	69.18
Provision made during the year	-	-	455.96	-
Amount drawn down during the year	-	-	-	-
Closing balance	12.75	12.75	525.14	69.18

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Contd..)

1.12. Description of contingent liabilities

i) 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.

ii) 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.

iii) 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.

iv) 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.

v) 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)

1.13. 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.

1.14. 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, 2026		March 31, 2025	
	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.

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:

(Amount in ₹ Crore)

Particulars	March 31, 2026	March 31, 2025
Principal amount remaining Unpaid as at the end of accounting year	0.04	-
Interest due on above and remaining 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:

(Amount in ₹ Crore)

Particulars	March 31, 2026	March 31, 2025
a. Principal Amount due and remaining unpaid as at the year end.	0.03	-
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	-	-

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Contd..)

1.15. 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, 2026, was ₹ 93.49 Crore (previous year ₹ 75.49 Crore).

b) The amount approved by the Board of the Bank to be spent during the year was ₹ 93.49 Crore (previous year ₹ 75.49 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)

Sr. No.	Particulars	March 31, 2026			March 31, 2025		
		Spent during the year	Transferred to separate CSR unspent account	Total	Spent during the year	Transferred to separate CSR unspent account	Total
i)	Construction / acquisition of any asset	-	-	-	-	-	-
ii)	On purpose other than (1) above	91.95*	18.16**	110.11	70.89@	17.41^	88.30

* Includes ₹ 16.36 Crore spent from unspent CSR account pertaining to ongoing projects of FY 2024-25 and ₹ 0.26 crore for FY 2023–24 ongoing projects.

** ₹ 18.16 Crore pertaining to ongoing projects of FY 2025-26 was transferred to unspent CSR account within the prescribed timeline.

@ 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.

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		
2024-25	13.19	75.49	58.08	12.82	17.41	17.78
2025-26	17.78	93.49	75.33	16.62	18.16$	19.32

$ ₹ 18.16 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)

Sr. No.	Related Party	March 31, 2026	March 31, 2025
i)	Federal Bank Hormis Memorial Foundation*	89.49#	63.37@

* 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 2025-26 amounting to ₹ 73.03 Crore, ₹ 16.20 Crore from unspent CSR account for FY 2024–25 ongoing projects and ₹ 0.26 Crore for FY 2023–24.

@ 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.

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Contd..)

Fedbank Financial Services Limited

(Amount in ₹ Crore)

Particulars	March 31, 2026	March 31, 2025
Amount required to be spent	5.83	4.73
Amount spent during the year		
(a) Construction / acquisition of asset	-	-
(b) On purpose other than (a) above	5.84	4.73
Excess / (shortfall)	0.01	-
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 2026 was ₹ 0.15 Crore (Previous year ₹ 0.11 Crore).

b) The amount approved by the Board of the Company to be spent during the year was ₹ 0.15 Crore (Previous year ₹ 0.11Crore).

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, 2026	March 31, 2025
- Construction/ acquisition of any asset	-	-
- on purposes other than above	0.15	0.11

e) Nature of CSR activities:

(Amount in ₹ Crore)

Particulars	March 31, 2026	March 31, 2025
- Promotion of education and skill development	0.13	0.04
- Promoting health care including preventive	0.02	0.05
- Ensuring environmental sustainability	-	0.02
- Administrative overheads	*	*
Total	**0.15**	**0.11**

* Denotes less than 1 lakh

f) There are no related party transactions in relation to CSR Expenditure.

1.16. 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.

1.17. 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.

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Contd..)

1.18. 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, 2026

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	96.65%	38,699.64	94.37%	4,100.77
Subsidiary:				
Fedbank Financial Services Limited	3.04%	1,217.76	5.20%	225.77
Federal Operations and Services Limited	0.09%	34.87	0.26%	11.19
Associate:				
Ageas Federal Life Insurance Company Limited*	0.23%	90.74	0.17%	7.57
Total	**100.00%**	**40,043.00**	**100%**	**4,345.30**

* During the year, the Bank has acquired 3,20,00,000 equity shares of Ageas Federal Life Insurance Company Limited (associate company) from Ageas Insurance International NV, for a consideration of ₹ 30.45 per share. Total consideration paid was ₹ 97.44 Crore. Pursuant to this acquisition, the Bank now holds 30% shareholding in Ageas Federal Life Insurance Company Limited, on a fully diluted basis.

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.

THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Contd..)

1.19. 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.

1.20. 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 LLP**
(Formerly Known as M S K A & Associates)
Chartered Accountants
ICAI Firm Registration No: 105047W/W101187

Prateek Khandelwal
Partner
Membership No: 139144

For **Suri & Co**
Chartered Accountants
ICAI Firm Registration No: 004283S

Sanjeev Aditya M
Partner
Membership No: 229694

Place: Mumbai
Date : April 29, 2026

For **The Federal Bank Limited**

Krishnan Venkat Subramanian
Managing Director & CEO
DIN: 00031794

Venkatraman Venkateswaran
Executive Director & CFO
DIN: 09227554

Manikandan Muthiah
Head - Financial Reporting

Elias George
Independent Director
DIN: 00204510

Harsh Dugar
Executive Director
DIN: 00832748

Samir P Rajdev
Company Secretary

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, 2026

(₹ in Thousand)

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	37,42,100	1,00,000
7. Reserves & surplus	2,35,27,200	2,94,355
8. Total assets	16,89,02,000	4,88,251
9. Total Liabilities	14,16,32,700	93,896
10. Investments	3,891,100	-
11. Turnover	2,26,28,500	13,50,257
12. Profit before taxation	49,81,500	1,23,045
13. Provision for taxation	12,67,300	11,126
14. Profit after taxation	37,14,200	1,11,919
15. Proposed Dividend	NIL	NIL
16. Extent of shareholding (in %)	60.79	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 Associate/ Joint Venture	Ageas Federal Life Insurance Company Limited
1. Latest audited Balance Sheet	31/03/2026
2. Date on which the Associate or Joint Venture was associated or acquired	23/11/2006
3. Shares of Associate/Joint Venture held by the company on the year end	
Number of shares held	24,00,00,000
Amount of Investment in Associate/Joint Venture (₹ in Thousand)	24,00,000
Extent of Holding (in %)	30.00%
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)	34,48,877
7. Profit / (Loss) for the year 2025-26 (₹ in Thousand)	
i. Considered in Consolidation	75,649
ii. Not Considered in Consolidation	2,12,568

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 – NIL

For **The Federal Bank Limited**

Krishnan Venkat Subramanian
Managing Director & CEO
DIN: 00031794

Venkatraman Venkateswaran
Executive Director & CFO
DIN: 09227554

Manikandan Muthiah
Head - Financial Reporting

Place: Mumbai
Date : April 29, 2026

Elias George
Independent Director
DIN: 00204510

Harsh Dugar
Executive Director
DIN: 00832748

Samir P Rajdev
Company Secretary

BASEL III – PILLAR 3 DISCLOSURES AS ON 31st MARCH 2026

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.	27,269.30	1,68,902.00
Federal Operations and Services Limited	The company is engaged in the back office operational services for the bank	394.35	488.25
Ageas Federal Life Insurance Co. Ltd	Life Insurance Co. regulated by IRDA	11,496.20	1,99,657.40

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	11496.20	30%	CRAR will be reduced by 0.08% 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.

II. 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

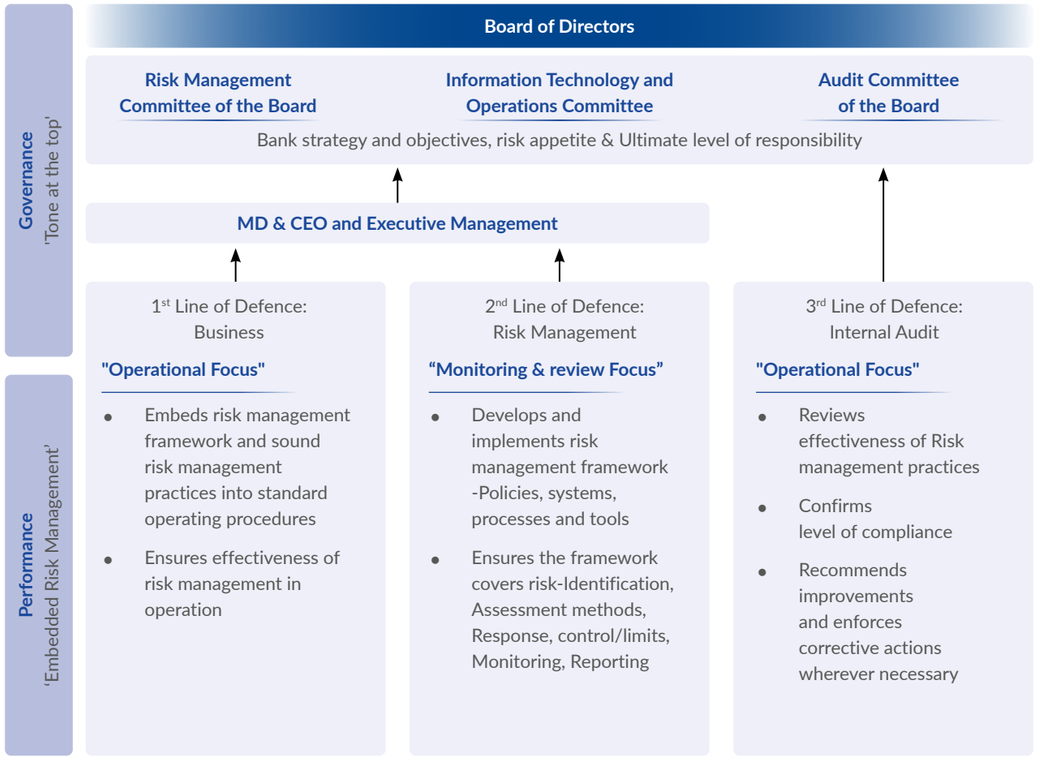
1. Policy on Internal Capital Adequacy Assessment Process has been put in place and the assessment of capital commensurate to the risk profile is reviewed on a quarterly basis.
2. Capital requirement for current business levels and estimated future business levels are assessed on a periodic basis.
3. The minimum capital required to be maintained by the Bank (including CCB) for the period ended 31 March,2026 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**		**238062.67**
	Portfolios subject to Standardized approach		235294.67
	Securitization exposures		2767.99
2.2	**Capital requirements for Market risk** (Standardized duration approach)		**4020.45**
	Interest rate risk		3593.51
	Foreign exchange risk (including gold)		426.94
	Equity risk		0.00
2.3	**Capital requirements for Operational risk**		**23712.00**
	Basic Indicator Approach		23712.00
	Total Capital Requirements		**265795.12**
2.4	**Common Equity Tier 1, Tier 1 & Total Capital Ratios**	**Standalone**	**Consolidated**
	Common Equity Tier 1 capital ratio	15.93%	16.19%
	Tier 1 capital ratio	15.93%	16.19%
	Total capital ratio	17.25%	17.62%

**Capital requirement has been computed at 11.5% of RWA.*

Risk Governance

Risk governance framework is a significant part of the overall governance structure of the Bank, 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

The 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.

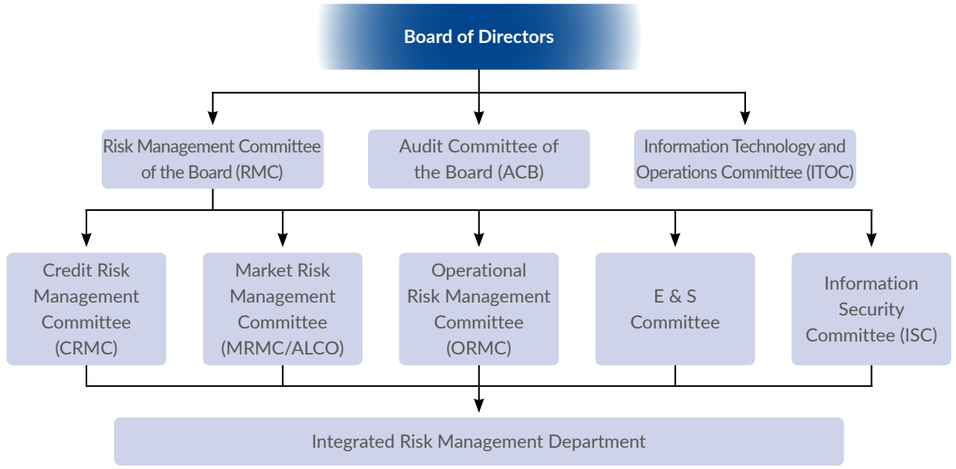
The IT & Operations Committee (ITOC) of the Board assumes responsibility as a strategic advisory body on Information Security. The Committee oversees IT and Information Security governance, reviewing and recommending security policies, ensuring effective governance structures, verifying alignment of security measures with business objectives and ensuring risk management processes are in place. The Committee meets at least quarterly and reviews the reports placed before it.

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 risk levels in their respective domains. ORMC is headed by ED and ISC is headed by CRO. The other 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, Agri, Micro and Rural 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, the 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) The 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 the 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 the Bank's Board of Directors.

i) Credit hub system is put in place to enhance quality of credit appraisal and underwriting process.

j) Dedicated Credit Monitoring Department at national level and other key geographies to monitor / follow up of performance of loans and advances.

k) 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.

l) 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.

m) Robust statistical score cards are used for retail credit appraisal process.

n) Bank also uses Behavioral / transactional models for monitoring the transaction behavior of loan accounts.

o) Model validation is done on yearly basis to assess the discriminatory power and stability of the models.

p) 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.

q) Internal credit rating of all credit proposals above ₹ 10 Crore is confirmed by the Integrated Risk Management Department.

r) Bank has adopted the best ESMS practices to minimize 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. Exposure 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. Collateral Risk Management 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 certain loan schemes such as staff loans, loan against liquid securities, pre-approved loans etc are exempted from rating. The 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 Crore 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 Crore 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 Division 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:

The Bank is collecting operational risk loss data directly from the loss originating points. Further the 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, analyzed 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. The 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.

III. 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 (Commercial Banks - Securitization Transactions) Directions, 2025.

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:

The 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.

Quantitative disclosures

(Amount in ₹ Mn.)

	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)	34,85,624.60	3,60,555.77	38,46,180.37
Geographic distribution of exposures (same basis as adopted for segment reporting adopted for compliance with AS 17)			
Overseas	48,734.37	0.00	48,734.37
Domestic	34,36,890.23	3,60,555.77	37,97,445.99

**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	**7234.31**	**1729.26**	**8963.57**	**0.23%**
A.1 Coal	549.49	206.77	756.25	0.02%
A.2 Others	6684.82	1522.49	8207.31	0.21%
B. Food Processing	**93250.16**	**4363.46**	**97613.62**	**2.54%**
B.1 Sugar	3037.38	311.38	3348.76	0.09%
B.2 Edible Oils and Vanaspati	6765.27	1694.77	8460.04	0.22%
B.3 Tea	3219.39	14.02	3233.40	0.08%
B.4 Coffee	6225.99	322.43	6548.42	0.17%
B.5 Others	74002.14	2020.87	76023.01	1.98%
C. Beverages (excluding Tea & Coffee) and Tobacco	**19658.66**	**159.88**	**19818.54**	**0.52%**
C.1 Tobacco and tobacco products	75.27	0.00	75.27	0.00%
C.2 Others	19583.39	159.88	19743.28	0.51%
D. Textiles	**93804.53**	**4922.50**	**98727.03**	**2.57%**
D.1 Cotton	21327.53	1355.26	22682.78	0.59%
D.2 Jute	470.66	0.00	470.66	0.01%
D.3 Man-made	9241.14	208.08	9449.22	0.25%
D.4 Others	62765.21	3359.16	66124.37	1.72%
Out of D (i.e., Total Textiles) to Spinning Mills	19261.88	976.57	20238.45	0.53%
E. Leather and Leather products	**2062.37**	**119.47**	**2181.84**	**0.06%**
F. Wood and Wood Products	**8627.16**	**440.43**	**9067.59**	**0.24%**
G. Paper and Paper Products	**10392.97**	**715.39**	**11108.36**	**0.29%**
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	**14529.36**	**662.05**	**15191.40**	**0.39%**
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	**81718.30**	**16025.89**	**97744.19**	**2.54%**
I.1 Fertilizers	15493.11	2655.99	18149.11	0.47%
I.2 Drugs and Pharmaceuticals	23949.02	2128.74	26077.76	0.68%
I.3 Petro-chemicals (excluding under Infrastructure)	9121.82	3024.66	12146.47	0.32%
I.4 Others	33154.35	8216.50	41370.85	1.08%
J. Rubber, Plastic and their Products	**26781.34**	**2214.83**	**28996.17**	**0.75%**
K. Glass, Glassware and other non-metallic mineral products (Except Cement and Cement products)	**4671.47**	**768.36**	**5439.83**	**0.14%**
L. Cement and Cement Products	**13608.22**	**769.88**	**14378.10**	**0.37%**

(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	**80397.56**	**15114.90**	**95512.46**	**2.48%**
M.1 Iron and Steel	51545.64	12790.97	64336.61	1.67%
M.2 Other Metal and Metal Products	28851.91	2323.94	31175.85	0.81%
N. All Engineering	**68503.15**	**39139.67**	**107642.81**	**2.80%**
N.1 Electronics	6550.26	1222.35	7772.61	0.20%
N.2 Others	61952.89	37917.31	99870.21	2.60%
O. Vehicles, Vehicle Parts and Transport Equipments	**66822.39**	**3082.67**	**69905.06**	**1.82%**
P. Gems and Jewellery	**28105.01**	**472.87**	**28577.88**	**0.74%**
Q. Construction	**20365.27**	**30019.36**	**50384.63**	**1.31%**
R. Infrastructure (Pertaining to Industries Sector Only)	**281460.13**	**99471.04**	**380931.18**	**9.90%***
R1. Transport and adjoining Infrastructure	16408.37	3819.19	20227.56	0.53%
R2. Energy	124259.94	19539.92	143799.86	3.74%
R3. Water and Sanitation	540.18	3987.80	4527.99	0.12%
R4. Communication	31912.11	1153.57	33065.68	0.86%
R5. Social and Commercial Infrastructure	16576.85	1809.84	18386.69	0.48%
R6. Others	91762.68	69160.72	160923.40	4.18%
S. Other Industries	21396.11	1917.99	23314.09	0.61%
1. Industry (A to S)	**943388.46**	**222109.89**	**1165498.35**	**30.30%**
2. Agriculture and Allied Activities	**310770.61**	**146.99**	**310917.60**	**8.08%**
3. Services	**929525.00**	**138298.61**	**1067823.62**	**27.76%**
4. Retail Loans	**1154089.00**	**0.27**	**1154089.28**	**30.01%**
5. Interbank exposure	**99117.15**	**0.00**	**99117.15**	**2.58%**
6. Overseas	**48734.37**	**0.00**	**48734.37**	**1.27%**
Total Exposure (1 to 6)	**3485624.60**	**360555.77**	**3846180.37**	**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	Balance with other banks	Investments	Advances	Fixed assets	Other assets	Total
Day 1	63408.68	1244.49	22358.24	144589.38	17343.23	0.00	36265.76	285209.80
2 – 7 days	0.00	1542.33	71631.64	0.00	15342.64	0.00	34209.49	122726.10
8-14 days	0.00	2507.01	4267.58	12089.03	14482.25	0.00	0.14	33346.00
15-30 days	0.00	2513.26	0.00	15701.88	32144.15	0.00	940.05	51299.34
31 days & up to 2 months	0.00	3413.04	3319.23	25480.68	61035.62	0.00	17.52	93266.08
Over 2 months & up to 3 months	0.00	3671.57	0.00	6318.75	86338.71	0.00	430.60	96759.64
Over 3 months & up to 6 months	0.00	11861.45	0.00	61302.01	190004.97	0.00	3492.43	266660.86
Over 6 months & up to 1 year	0.00	25659.67	0.00	32727.42	224261.79	0.00	16904.18	299553.06
Over 1 year & up to 3 years	0.00	37957.15	37.40	121138.72	1320421.47	0.00	33674.41	1513229.15
Over 3 years & up to 5 years	0.00	1002.00	0.00	155843.00	298030.28	0.00	29058.92	483934.20
Over 5 years & upto 7 years	0.00	172.33	0.00	108302.85	111776.02	0.00	31460.07	251711.27
Over 7 years & up to 10 years	0.00	705.65	0.00	64016.66	96652.90	0.00	313.35	161688.56
Over 10 year & up to 15 years	0.00	3.17	0.00	16.93	99687.99	0.00	26.21	99734.30
Over 15 years	0.00	0.09	0.00	19234.83	78421.65	14725.24	3714.77	116096.58
Total	**63408.68**	**92253.21**	**101614.08**	**766762.13**	**2645943.67**	**14725.24**	**190507.92**	**3875214.92**

ASSET QUALITY

Advances

	(Amount in ₹ Mn.)
Amount of Non-Performing Assets (Gross)	43,352.94
Substandard	16,889.54
Doubtful 1	5,816.31
Doubtful 2	7,664.49
Doubtful 3	8,117.98
Loss	4,864.61
Net NPA	5,292.60

	(Amount in ₹ Mn.)
NPA ratios	
Gross NPAs to gross advances (%)	1.62%
Net NPAs to net advances (%)	0.20%
Opening balance (balance as at the end of previous Fiscal)	43,755.37
Additions during the period	21,712.40
Reductions	22,114.83
Closing balance	43,352.94

Movement of provisions

(Amount in ₹ Mn.)

	Specific Provision	General Provision
Opening balance (balance as at the end of previous Fiscal)	32,288.69	691.80
Provisions made during the period	17,568.72	4,559.60
Write Off	12,679.25	-
Write back of excess provisions	4,682.95	-
Any other adjustments, including transfers between provisions	-	-
Closing balance	32,495.20	5,251.40

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	62.85
Recoveries that have been booked directly to the income statement	1,909.52

Investments

	(Amount in ₹ Mn.)
Amount of Non-Performing Investments (Gross)	179.42
Amount of provisions held for Non-Performing Investments	179.42
Movement of provisions for depreciation on investments	
Opening balance (balance as at the end of previous Fiscal)#	37.76
Provisions made during the period	382.15
Write-off	-
Write-back of excess provisions	(37.76)
Closing balance	382.15

*#**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), 2025*

Major Industry breakup of NPA

(Amount in ₹ Mn.)

Industry	Gross NPA	Specific Provision
NPA in Top 5 industries	5338.04	3854.24

Geography wise Distribution of NPA and Provision

(Amount in ₹ Mn.)

Geography	Gross NPA	Specific Provision	General Provision
Domestic	43,352.94	32,495.20	5,251.40
Overseas	-	-	-
Total	**43,352.94**	**32,495.20**	**5,251.40**

IV. 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:

The 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)

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
4. CareEdge Global IFSC

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 %	2542357.69
	100 %	680870.66
	More than 100 %	472939.31
	Deducted*	6796.16
	Total	**3696167.66**

**Investment in subsidiary*

V. 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.

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

2.1 Credit risk exposure covered by eligible financial collaterals

(Amount in ₹ Mn.)

Type of exposure		Credit equivalent of gross exposure	Value of eligible financial collateral after haircuts	Net amount of credit exposure
A	Funded Credit Exposure	5,49,366.21	4,60,389.81	88,976.39
B	Non funded Credit exposure	89,866.92	47,491.05	42,375.88
C	Securitization exposures – On balance sheet	-	-	-
D	Securitization exposures – Off balance sheet	-	-	-
	TOTAL	**6,39,233.13**	**5,07,880.86**	**1,31,352.27**

2.2 Credit risk exposure covered by guarantees

(Amount in ₹ Mn.)

Type of exposure		Credit equivalent of gross exposure	Amount of guarantee (Credit equivalent)
A	Funded Credit Exposure	15,755.46	15,755.46
B	Non funded Credit exposure	236.39	51.64
C	Securitization exposures – on balance sheet	-	-
D	Securitization exposures – off balance sheet	-	-
	TOTAL	**15,991.85**	**15,807.09**

VI. 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

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	3557.72
Commercial Vehicles	1182.42
Loan against property	7327.91
Personal Loan	3140.55
Total	**15208.60**
Investment in PTC	36921.61

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	1572.08	66.19
	Mixed Assets*	958.04	3.96
	Loan against property	-	-
	Agri / Allied activities	-	-
	PTC	-	-
At 100%	Mixed Assets*	224.37	17.70
	Loan against property	-	-
	Housing Loans	19.28	1.93
More than 100%	Loan against property	7327.91	1053.66
	Housing Loans	1966.36	282.67
	Personal Loan	3140.55	452.20

**includes Commercial Vehicle Loans, Micro &Small Business Loans*

I	Total amount of deductions from capital on account of securitization exposures	
	Deducted entirely from Tier I capital-underlying exposure type wise break up	43.95
	Credit enhancing interest only strips (I/O) deducted from total capital – underlying exposure type wise break up	43.95
	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	-

VI. 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 FVTPL-HFT 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 FVTPL-HFT, Gold and Forex open positions and Derivatives entered for trading and hedging.

2. Quantitative disclosures

2.1 Minimum capital requirements for market risk as per Standardized Duration Approach

	(Amount in ₹ Mn.)
Interest rate risk	2499.83
Foreign exchange risk (including gold)	297.00
Equity position risk	0.00

VIIII. 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.

IX. 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

2.1 Earnings perspective (Traditional Gap Analysis)

(Amount in ₹ Mn.)

	Total Book	Banking Book
Earnings at Risk (EaR) – impact for one year due to Uniform 1% increase/ decrease in interest rate	6949.77	6686.93
Economic value perspective – percentage and quantum of decrease in market value of equity on account of 1% uniform increase/decrease in interest rate	12951.37	9827.40

(Currency wise break up not provided as the turnover in other currencies is less than 5% of total turnover)

X. 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	1451804.94	50925.15
Interest rate derivative contracts	1194692.60	20551.07
Total	**2646497.54**	**71476.22**

XI. TABLE DF-11: Composition of Capital

(Amount in ₹ Mn.)

	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)	113887.06	a+d-m2
2	Retained earnings	109400.68	l+m-m1
3	Accumulated other comprehensive income (and other reserves)	168028.34	b+c+e+f+i+j+k+ m3+di+m4
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**	**391316.09**	
Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments	0.00	
8	Goodwill (net of related tax liability)	512.97	x1
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	39.67	r+p
10	Deferred tax assets	0.00	
11	Cash-flow hedge reserve	-270.45	
12	Shortfall of provisions to expected losses	0.00	
13	Securitisation gain on sale	0.00	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	5959.37	
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	49.81	
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	
26 a	of which: Investments in the equity capital of the unconsolidated insurance subsidiaries	0.00	
26 b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries	0.00	
26 c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	0.00	
26 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	6291.36	
29	Common Equity Tier 1 capital (CET1)	385024.72	

(Amount in ₹ Mn.)

	Basil III common disclosure template		Ref No
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	
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	
41 a	of which: Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	0.00	
41 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)**	**385024.72**	
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	17079.60	o+g+h
51	**Tier 2 capital before regulatory adjustments**	**34029.60**	
Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	0.00	
53	Reciprocal cross-holdings in Tier 2 instruments	0.04	
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	
56 a	of which: Investments in the Tier 2 capital of unconsolidated insurance subsidiaries	0.00	
56 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	0.04	
58	Tier 2 capital (T2)	34029.56	

(Amount in ₹ Mn.)

	Basil III common disclosure template		Ref No
59	**Total capital (TC = T1 + T2) (45 + 58)**	**419054.28**	
60	**Total risk weighted assets (60a + 60b +60c)**	**2378257.23**	
60 a	of which: total credit risk weighted assets	2137105.95	
60 b	of which: total market risk weighted assets	34960.43	
60 c	of which: total operational risk weighted assets	206190.85	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	16.19%	
62	Tier 1 (as a percentage of risk weighted assets)	16.19%	
63	Total capital (as a percentage of risk weighted assets)	17.62%	
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)	10.69%	
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	8945.76	
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)	12258.56	
77	Cap on inclusion of provisions in Tier 2 under standardized approach	26713.82	
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

Note to the Template		
Row No. of the template	**Particular**	**(Amount in ₹ Mn.)**
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	3054.40
	of which: Increase in Common Equity Tier 1 capital	3054.40
	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
50	Eligible Provisions included in Tier 2 capital	12258.56
	Investment Fluctuation Reserve included in Tier 2 capital	4821.03
	Eligible Revaluation Reserves included in Tier 2 capital	
	Total of row 50	17079.60

XII. Table DF-12

(Amount in ₹ Mn.)

	Composition of Capital: Reconciliation Requirements Step 1	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
		31-03-2026	31-03-2026
A	**Capital & Liabilities**		
i	Paid-up Capital	4928.56	4928.56
	Reserves & Surplus	382122.10	405287.18
	Minority Interest		
	Total Capital	**387050.67**	**410215.75**
ii	Deposits	**3139093.90**	**3134908.92**
	of which: Deposits from banks	37572.24	37572.24
	of which: Customer deposits	3101521.66	3097336.68
	of which: Other deposits (pl. specify	0.00	0.00
iii	Borrowings	**211591.27**	**331932.57**
	of which: From RBI	24000.00	24000.00
	of which: From banks	250.00	79608.23
	of which: From other institutions & agencies	140093.89	162109.96
	of which: Others (pl. specify)	47247.38	66214.38
	of which: Capital instruments	16950.00	16950.00
iv	Other liabilities & provisions	137479.09	142843.30
	Total Liabilities	**3875214.92**	**4019900.54**
B	**Assets**		Assets
i	Cash and balances with Reserve Bank of India	**155661.89**	**155767.72**
	Balance with banks and money at call and short notice	**101614.08**	**113205.47**
ii	Investments:	**766762.13**	**763807.03**
	of which: Government securities	635580.40	639327.13
	of which: Other approved securities	0.00	0.00
	of which: Shares	6672.12	6672.12
	of which: Debentures & Bonds	47246.28	47246.28
	of which: Subsidiaries / Joint Ventures / Associates	9387.59	3054.40
	of which: Others (Commercial Papers, Mutual Funds etc.)	67362.78	67507.11
iii	Loans and advances	**2645943.67**	**2773806.56**
	of which: Loans and advances to banks	46496.48	46496.48
	of which: Loans and advances to customers	2599447.19	2727310.07
iv	Fixed assets	**14725.24**	**15281.71**
v	Other assets	**190507.92**	**198032.05**
	of which: Goodwill and intangible assets	0.00	39.67
	of which: Deferred tax assets	0.00	0.00
vi	Goodwill on consolidation		
vii	Debit balance in Profit & Loss account		
	Total Assets	**3875214.92**	**4019900.54**

TABLE DF-12

(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.
		31-03-2026	31-03-2026	
A	**Capital & Liabilities**			
i	Paid-up Capital	**4928.56**	**4928.56**	
	of which: Amount eligible for CET1	4928.56	4928.56	a
	of which: Amount eligible for AT1	0.00	0.00	
	Reserves & Surplus	**382122.10**	**405287.18**	
	Of which			
	- Statutory Reserve	75785.29	75785.29	b
	- AFS Reserve	95.19	95.19	c
	- Revaluation Reserves	50.09	50.09	c i
	- Share premium	104371.20	108958.50	d
	- Capital Redemption Reserve	0.00	12.16	di
	- Capital Reserve	11313.96	11313.96	e
	- Revenue and other reserves	48221.32	49773.17	f
	- Investment fluctuation reserve	4821.03	4821.03	g
	- Investment reserve			h
	- Foreign Currency Translation Reserve (at a discount of 75 per cent)	-311.55	-311.55	i
	- ESOP Reserve	378.15	378.23	i1
	- Special reserve	15838.30	15838.30	j
	- Contingency reserve	301.00	301.00	k
	- Balance in Profit and loss account at the end of the previous financial year	87550.95	92024.48	l
	- Current Financial year profit (After appropriations)	18486.35	20333.34	m
	- Dividend & Investment Fluctuation appropriation considered for regulatory purposes	0.00	2957.14	m1
	Minority Interest	0.00	10693.16	m2
	- Cash flow hedge reserve	-270.45	-270.45	m3
	Share Warrant Subscription Money	15491.28	15491.28	m4
	Total Capital	**387050.67**	**410215.75**	
ii	Deposits	**3139093.90**	**3134908.92**	
	of which: Deposits from banks	37572.24	37572.24	
	of which: Customer deposits	3101521.66	3097336.68	
	of which: Other deposits (pl. specify)	0.00	0.00	
iii	Borrowings	**211591.27**	**331932.57**	
	of which: From RBI	24000.00	24000.00	
	of which: From banks	250.00	79608.23	
	of which: From other institutions & agencies	140093.89	162109.96	
	of which: Others	47247.38	66214.38	
	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	**137479.09**	**142843.30**	
	of which: DTLs	2832.31	2000.40	
	of which: Standard asset provision included under Tier II	11055.64	12258.56	o
	Total Liabilities	**3875214.92**	**4019900.54**	
B	**Assets**			
i	Cash and balances with Reserve Bank of India	**155661.89**	**155767.72**	
	Balance with banks and money at call and short notice	**101614.08**	**113205.47**	
ii	Investments	**766762.13**	**763807.03**	
	of which: Government securities	635580.40	639327.13	
	of which: Other approved securities	0.00	0.00	
	of which: Shares	6672.12	6672.12	
	of which: Good will	512.97	512.97	x1
	of which: Debentures & Bonds	47246.28	47246.28	

(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.
		31-03-2026	31-03-2026	
	of which: Subsidiaries / Joint Ventures / Associates	9387.59	3054.40	
	of which: Others (Commercial Papers, Mutual Funds etc.)	67362.78	67507.11	
iii	Loans and advances	2645943.67	2773806.56	
	of which: Loans and advances to banks	46496.48	46496.48	
	of which: Loans and advances to customers	2599447.19	2727310.07	
iv	Fixed assets	14725.24	15281.71	
	of which Intangible assets	0.00	39.67	p
v	Other assets	190507.92	198032.05	
	a Other intangibles (excluding MSRs)	0.00	0.00	r
	b Deferred tax assets			
	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	3875214.92	4019900.54	

XIII. 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 ₹14079.07 Mn as at 31.03.2026.

Quantitative Disclosures

	(Amount in ₹ Mn.)
Market Value of Equity Investments Outstanding in banking book.	38,359.44
The types and nature of investments, including the amount that can be classified as:	
Market Value of Listed Equities	29,446.48
Market Value of Unlisted Equities	8,912.96
Net Profit / Loss from sales in the period#	0.00
Unrealised gains (losses) recognised in the balance sheet but not through the profit and loss account *	517.36
Unrealized gains (losses) not recognized either in the balance sheet or through the profit and loss account.	24,280.37

#This does not include ₹1430.90 Mn (net of taxes) transferred from AFS reserve to capital reserve on account of sale of equity classified under AFS.

**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.

$$\text{Leverage Ratio} = \frac{\text{Tier I Capital}}{\text{Total Exposure}}$$

XIV. 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	4019900.54
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)	6291.36
4	Adjustments for derivative financial instruments	71476.22
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	0.00
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	344469.08
7	Other adjustments	89257.56
8	Leverage ratio exposure	4518812.03

XV. 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)	4109158.10
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	6291.36
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	4102866.74
	Derivative exposures	
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	20757.90
5	Add-on amounts for PFE associated with all derivatives transactions	50718.32
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)	71476.22
	Securities financing transaction exposures	
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	2496.92
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	2496.92
14	CCR exposure for SFT assets	0.00
15	Agent transaction exposures	0.00
16	Total securities financing transaction exposures (sum of lines 12 to 15)	0.00
	Other off-balance sheet exposures	
17	Off-balance sheet exposure at gross notional amount	1062845.34
18	(Adjustments for conversion to credit equivalent amounts)	718376.26
19	Off-balance sheet items (sum of lines 17 and 18)	344469.08
20	Tier 1 Capital	385024.72
21	Total exposures (sum of lines 3,11,16 and 19)	4518812.03
22	Basel III leverage ratio	8.52%

**Leverage ratio (Solo):8.42%*

GRI Content Index

Statement of use	Federal Bank has reported the information cited in this GRI content index for the period FY 2025-26 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	Corporate Information; BRSR Section - A (details of listed entity)	115,185, 186
	2-2 Entities included in the organization's sustainability reporting	Our Group Companies; BRSR Section - A (reporting boundary)	185 (Standalone basis)
	2-3 Reporting period, frequency and contact point	About the Report; BRSR Section - A (financial year, contact person)	2, 185
	2-4 Restatements of information	BRSR Principle-1 (EI-5 – restated disciplinary action data; EI-8 – restated accounts payable days)	196-197
	2-5 External assurance	BRSR Section - A (assurance provider and type), INDEPENDENT PRACTITIONER'S REASONABLE ASSURANCE REPORT	185, 225-231
	2-6 Activities, value chain and other business relationships	Our Businesses, Our Group Companies, BRSR Section - A (products/services, operations)	18-21, 42, 185-186
	2-7 Employees	Human Capital, BRSR Section - A (employee details)	93, 186
	2-8 Workers who are not employees	BRSR Section - A (20 a.)	186
	2-9 Governance structure and composition	Board of Directors, Corporate Governance Report (Composition of the Board)	32-37, 145-147
	2-10 Nomination and selection of the highest governance body	Corporate Governance Report (Nomination, Remuneration, Ethics and Compensation Committee)	133, 156-158
	2-11 Chair of the highest governance body	Board of Directors; Board's Report (Section 18 – Board of Directors); Corporate Governance Report (Composition of the Board) – Part-time Chairman is a Non-Executive Independent Director	32-33, 123-124, 147
	2-12 Role of the highest governance body in overseeing the management of impacts	Board's Report (Board Committees); BRSR Section - B (governance, leadership and oversight)	124, 193-194
	2-13 Delegation of responsibility for managing impacts	Corporate Governance Report (Risk Management Committee); BRSR Section - B; Organization structure	157-168,193-194, 425
	2-14 Role of the highest governance body in sustainability reporting	Board's Report (ESG Practices); BRSR Section - B (Director's Statement, RMC oversight)	41, 193-194
	2-15 Conflicts of interest	Corporate Governance Report (Related Party Transactions); BRSR Principle-1 (EI-6, LI-2)	197-198
	2-16 Communication of critical concerns	Board's Report (Whistle Blower Policy/ Vigil Mechanism); BRSR Section - A (Q25 – stakeholder complaints/grievance mechanism), Principle 4 (EI-2)	131, 188. 205-206
	2-17 Collective knowledge of the highest governance body	Corporate Governance Report (List of core skills/experience/competencies identified by the Board; Familiarization Programme)	149
	2-18 Evaluation of the performance of the highest governance body	Board's Report (Section 22 – Board Evaluation); Corporate Governance Report (Performance Evaluation Criteria)	124, 151
	2-19 Remuneration policies	Board's Report (Section 21 – Policy on Appointment and Remuneration); Corporate Governance Report (Remuneration to Directors); BRSR Principle-5 (EI-3)	124, 150, 208
	2-20 Process to determine remuneration	Corporate Governance Report (Remuneration to Directors – role of NRC Committee)	150, 157
	2-21 Annual total compensation ratio	Human Capital (CEO-to-Median Employee Pay Ratio); Board's Report (Annexure D – Ratio of remuneration of Directors to median employee remuneration); BRSR Princple 5 (EI-3)	95, 143, 208
	2-22 Statement on sustainable development strategy	BRSR Section - B (Q7 – Statement by Director responsible for BRSR)	193-194
	2-23 Policy commitments	BRSR Section - B (list of corporate policies mapped to NGRBC principles)	192
	2-24 Embedding policy commitments	Corporate Goovernance Report (POLICIES, AFFIRMATIONS AND DISCLOSURES); BRSR Section - B (Q2-Q3 – translation of policy into procedure; Q9 – Board Committee oversight)	169-173, 192-193
	2-25 Processes to remediate negative impacts	BRSR Section - A (Q25 – grievance redressal mechanism); BRSR Principle 3 (EI-6), Principle 4 (EI-2), Principle 8 (EI-3) and Principle 9 (E1-1)	188, 201, 205, 219, 221-222
	2-26 Mechanisms for seeking advice and raising concerns	Board's Report (Whistle Blower Policy/ Vigil Mechanism); BRSR Section - A (Q25); Management Discussion and Analysis (Vigilance)	131,187-188, 264-265
	2-27 Compliance with laws and regulations	Board's Report (Section 37 – Significant and Material Orders); BRSR Principle-1 (EI-2, EI-3 – fines and penalties)	132, 195-196
	2-28 Membership associations	BRSR Principle-7 (EI-1 – trade and industry chambers/associations)	218
	2-29 Approach to stakeholder engagement	Stakeholder Engagement and Materiality Assessment; BRSR Principle-4 (EI-1,2 and LI-1,3)	40-43, 205-208
	2-30 Collective bargaining agreements	BRSR Principle-3 (EI-7 – membership of employees in associations/unions)	201
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Stakeholder Engagement and Materiality Assessment (How We Determine What Matters)	40-42
	3-2 List of material topics	Stakeholder Engagement and Materiality Assessment (Federal Bank's Materiality Matrix; Material Matters and Strategic Linkages)	40-43, 189-191
	3-3 Management of material topics	Stakeholder Engagement and Materiality Assessment (Strategic Relevance/Report Linkage); BRSR Section - A (Q26 – material RBC issues)	42-43, 189-191
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Financial Capital (Direct Economic Value Generated and Distributed)	58-59
	201-2 Financial implications and other risks and opportunities due to climate change	Growth Through Risk Discipline (Principal Risks and Strategic Linkages); BRSR Section - A (Q26 – Climate Change risk)	49,189
	201-3 Defined benefit plan obligations and other retirement plans	"Standalone Financial Statements (Note 2.1.B – Defined Benefit Plan). BRSR P3 EI - 2) 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)"	200, 333-334
	201-4 Financial assistance received from government	Nil, the Bank did not receive any financial assistance from government during FY 2025-26.	

GRI STANDARD	DISCLOSURE	LOCATION	Page no.
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	BRSR Principle-5 (EI-2 – minimum wages paid to employees)	208
	202-2 Proportion of senior management hired from the local community	Board Diversity	34
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Social and Relationship capital (Key Initiatives); Board's Report (Annexure A – CSR Report); BRSR Principle-8 (LI-6)	108-109, 135-137, 221
	203-2 Significant indirect economic impacts	Social and Relationship capital; BRSR Principle-8 (EI-5 - financial inclusion, community development, job creation in smaller towns)	104-109, 220
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	BRSR Principle-8 (EI-4 – sourcing from MSMEs/ small producers and within India)	219
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Board's Report (Section 36 – Whistle Blower Policy/Vigil Mechanism, Fraud Risk Management Framework); BRSR Section - B (Anti-Bribery and Corruption Policy applies bank-wide, BRSR Principle-1 EI-4 – Anti-Bribery and Corruption)	131, 192, 196
	205-2 Communication and training about anti-corruption policies and procedures	Human Capital; BRSR Principle-1 (EI-1, EI-4 – training coverage, Anti-Bribery and Corruption Policy)	94, 195-196
	205-3 Confirmed incidents of corruption and actions taken	BRSR Principle-1 (EI-5 – disciplinary action for bribery/corruption)	195-196
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	BRSR Principle-7 (EI-2 – corrective action on anti-competitive conduct: Nil)	218
GRI 207: Tax 2019	207-1 Approach to tax	Financial Capital (Approach to Tax)	58-59
	207-2 Tax governance, control, and risk management	Financial Capital (Tax Governance, Control and Risk Management)	58-59
	207-3 Stakeholder engagement and management of concerns related to tax	Financial Capital (Stakeholder Engagement and Management of Concerns Related to Tax)	58-59
	207-4 Country-by-country reporting	Financial Capital (Country-by-Country Reporting)	58-59
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Not applicable, as the Bank is a financial services provider and does not manufacture products or consume raw materials in a production process.	
	301-2 Recycled input materials used	BRSR Principle-2 (LI-3)	199
	301-3 Reclaimed products and their packaging materials	Not applicable to the Bank's operations as a financial services institution. BRSR Principle-2 (LI-5)	200
GRI 302: Energy 2016	302-1 Energy consumption within the organization	BRSR Principle-6 (EI-1 – total energy consumption)	211
	302-2 Energy consumption outside of the organization	Not separately quantified, as this metric isn't material to office-based operations; the more material value-chain impact (financed emissions) is reported under GRI 305-3.	
	302-3 Energy intensity	BRSR Principle-6 (EI-1 – energy intensity per rupee of turnover / per employee)	211
	302-4 Reduction of energy consumption	BRSR Principle-6 (EI-8 – GHG/energy reduction initiatives: solar, IoT energy savings, green interiors)	213-214
	302-5 Reductions in energy requirements of products and services	BRSR Principle-6 (EI-8 – GHG/energy reduction initiatives: solar, IoT energy savings, green interiors)	213-214

GRI STANDARD	DISCLOSURE	LOCATION	Page no.
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	BRSR Principle-6 (EI-3, EI-5 – water withdrawal/ discharge; Zero Liquid Discharge)	212
	303-2 Management of water discharge-related impacts	BRSR Principle-6 (EI-4 – water discharge by destination and treatment)	212
	303-3 Water withdrawal	BRSR Principle-6 (EI-3 – water withdrawal by source)	212
	303-4 Water discharge	BRSR Principle-6 (EI-4 – water discharge by destination)	212
	303-5 Water consumption	BRSR Principle-6 (EI-3 – total volume of water consumption)	212
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	BRSR Principle-6 (EI-11)	215
	304-2 Significant impacts of activities, products and services on biodiversity	Not applicable, as branch/office operations aren't in or near ecologically sensitive areas and don't affect habitats, protected areas, or listed species.	
	304-3 Habitats protected or restored		
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	BRSR Principle-6 (EI-7 – Scope 1 emissions)	213
	305-2 Energy indirect (Scope 2) GHG emissions	BRSR Principle-6 (EI-7 – Scope 2 emissions)	213
	305-3 Other indirect (Scope 3) GHG emissions	BRSR Principle-6 (LI-2 – Scope 3 emissions)	216-217
	305-4 GHG emissions intensity	BRSR Principle-6 (EI-7 – Scope 1 & 2 emission intensity)	213
	305-5 Reduction of GHG emissions	BRSR Principle-6 (EI-8 – GHG reduction projects: solar, digitalisation, tree plantation)	213-214
	305-6 Emissions of ozone-depleting substances (ODS)	Not material, as operations don't involve use or emission of ODS. (polished — this one already had "Not material to bank," just tightened it)	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	BRSR Principle-6 (EI-6 – air emissions other than GHG; not material to Bank's operations)	213
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	BRSR Principle-6 (EI-10 – waste management practices)	214-215
	306-2 Management of significant waste-related impacts	BRSR Principle-6 (EI-10 – waste management practices, e-waste framework)	215
	306-3 Waste generated	BRSR Principle-6 (EI-9 – total waste generated by category)	214
	306-4 Waste diverted from disposal	BRSR Principle-6 (EI-9 – waste recycled/re-used/ recovered)	214-215
	306-5 Waste directed to disposal	BRSR Principle-6 (EI-9 – waste disposed by method)	215
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	BRSR Principle-2 (EI-2b); BRSR Principle-6 (LI-7)	198, 218
	308-2 Negative environmental impacts in the supply chain and actions taken	NA	

GRI STANDARD	DISCLOSURE	LOCATION	Page no.
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Human Capital (New Employees Recruited, Women in New Hire, Voluntary Attrition Rate); BRSR Section - A (Q22 – turnover rate for permanent employees)	78, 93, 187
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	BRSR Principle-3 (EI-1 – measures for well-being of employees; EI-2 – retirement benefits); Notes to Standalone Financial Statements (Employee benefits); Leave Encashment/ Sick Leave / Leave Travel Concession / Unavailed Casual Leave	200,292-293,337
	401-3 Parental leave	BRSR Principle-3 (EI-5 – return to work and retention rate after parental leave)	201
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Human Capital	84, 93
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Human Capital, BRSR Principle-3 (EI-10 – Health and Safety Management System, ISO 22301)	87,95, 202-203
	403-2 Hazard identification, risk assessment, and incident investigation	Human Capital; OHS Programmes; BRSR Principle-3 (EI-10(b) – processes to identify work-related hazards)	87,95, 202
	403-3 Occupational health services	Human Capital; OHS Programmes; BRSR Principle-3 (EI-10(d) – non-occupational medical and healthcare services)	87,95, 203
	403-4 Worker participation, consultation, and communication on occupational health and safety	BRSR Principle-3 (EI-6 – grievance mechanism for employees)	201
	403-5 Worker training on occupational health and safety	Human Capital (OHS Programs); BRSR Principle-3 (EI-8 – training on health and safety measures)	87,95, 201
	403-6 Promotion of worker health	BRSR Principle-3 (EI-12 – measures for safe and healthy workplace; SMILES counselling programme)	203
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Human Capital (OHS Programs)	87,95
	403-8 Workers covered by an occupational health and safety management system	BRSR Principle-3 (EI-10 – OHS Framework coverage across employees, contract staff and vendor personnel)	202-203
	403-9 Work-related injuries	BRSR Principle-3 (EI-11 – Lost Time Injury Frequency Rate, recordable injuries, fatalities)	203
	403-10 Work-related ill health	BRSR Principle-3 (EI-11 – high consequence work-related ill health: Nil)	203
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Human Capital (Average training hours per employee); BRSR Principle-3 (EI-8 – training given to employees)	94,201
	404-2 Programs for upgrading employee skills and transition assistance programs	Human Capital (Learning & Development); BRSR Principle-3 (LI-4 – transition assistance programmes, Odyssey retirement programme)	94, 204
	404-3 Percentage of employees receiving regular performance and career development reviews	BRSR Principle-3 (EI-9 – performance and career development reviews)	202
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Human Capital; Board of directors (Diversity); BRSR Section - A (Q21 – participation of women in Board/KMP)	34-35, 93, 187.
	405-2 Ratio of basic salary and remuneration of women to men	Human Capital (Women:Men salary ratio – Associates/Clerks, Officers, Senior Management; Adjusted Gender Pay Gap); BRSR Principle 5 (EI-3a)	94-95, 208

GRI STANDARD	DISCLOSURE	LOCATION	Page no.
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Board's Report (Section 39 – Internal Complaints Committee/POSH data); BRSR Principle-5 (EI-6)	132, 209
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Not identified as at risk; the Bank operates in a well-regulated labour environment and recognises employee associations/unions.	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	BRSR Principle-5 (EI-6 – complaints on child labour: Nil)	209
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	BRSR Principle-5 (EI-6 – complaints on forced/ involuntary labour: Nil)	209
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Not Applicable, as security at Bank premises is typically engaged through third-party agencies.	
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Not applicable, as operations don't involve activities affecting indigenous peoples' rights.	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	BRSR Principle-8 (EI-1 – Social Impact Assessments; LI-6 – CSR project beneficiaries)	219, 221
	413-2 Operations with significant actual and potential negative impacts on local communities	BRSR Principle-8 (EI-2 – Rehabilitation and Resettlement: Not Applicable)	219
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	BRSR Principle-5 (LI-4 – vendor onboarding and ESG assessment of value chain partners)	211
	414-2 Negative social impacts in the supply chain and actions taken	BRSR Principle-3 (LI-5, LI-6), BRSR Principle-5 (LI-4, LI-5),	204, 211
GRI 415: Public Policy 2016	415-1 Political contributions	Nil – no political contributions made during the year. BRSR Principle-7 (LI-1 – public policy positions advocated)	219
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	BRSR Principle-9 (EI-2 – turnover of products/ services carrying safety information); BRSR Principle-9 (EI-4 – product recalls)	222-223
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	BRSR Principle-9 (EI-4, EI-6 – product recalls and corrective actions: Nil)	223
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	BRSR Principle-9 (LI-4 – product information display beyond statutory requirements)	224
	417-2 Incidents of non-compliance concerning product and service information and labeling	BRSR Principle-9 (EI-6 – corrective actions on advertising and disclosures: Nil)	223
	417-3 Incidents of non-compliance concerning marketing communications	BRSR Principle-9 (EI-3 – Number of consumer complaints)	222
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	BRSR Principle-9 (EI-3 – data privacy complaints; EI-7 – data breaches)	222, 223

Notes

Notes

Notes

Federal Bank

The Federal Bank Limited

CIN: L65191KL1931PLC000368

Registered Office: Post Box No. 103, Federal Towers,
Aluva-683101, Kerala, India

Ph: 91-484 2630996

Email: secretarial@federal.bank.in

Website: www.federal.bank.in

a K&A creation | www.kalolwala.com