

DIGITAL TO THE FORE

RESPONSIVE
EFFICIENT
ACCOUNTABLE
COMMITTED
HOLISTIC

GOVERNANCE
FEDDY
ESG
INNOVATIONS
HAPPY CUSTOMER
VALUE CREATION
RISHTA
EXCEED EXPECTATIONS
SUSTAINABILITY
PERFORMANCE
CARES
STAKEHOLDERS
MOST ADMIRABLE BANK
PRESENCE
PRESENCE

The term R.E.A.C.H does not just denote pan-India expansion that Federal Bank has undertaken; each of the letter encapsulates the defining features of the Bank – that enable a deeper connection with customers and other stakeholders.

R

Responsive

Customer centricity is our motto. We actively listen, understand our customers' aspirations and proactively deliver innovative solutions and superior experiences that exceed expectations. We are responsive to local culture and traditions, creating a feeling of belonging among our customers. Our win is when customers keep growing with us!

Read the story of how we empowered fishermen of Nagercoil on  49



E

Efficient

We believe in the thoughtful integration of physical and digital channels, following our guiding mantra 'Digital at the Fore, Human at the Core'. Our customers can choose helpful in-person conversation at a branch or utilise user-friendly online touch points including effortless WhatsApp conversations. Just say "Pay my Electricity Bill" to Feddy and transaction is executed. This approach also ensures we achieve operational excellence.

Read how we facilitated Instant Kisan Credit Card Loans in association with TNeGA (Tamil Nadu eGovernance) and RBIH (Reserve Bank Innovation Hub) on  142



A

Accountable

Trust is the foundation of banking. We remain committed to robust governance practices, ensuring responsible decision-making at all levels. We implement rigorous risk management strategies to safeguard the overall health of our Bank. We guard customer privacy by investing in technology and following ethics. We use meticulous underwriting processes to offer financial products that align with our customer's risk appetite.

Read more on how we are training financial crime compliance specialists on  67



C

Committed

Our commitment extends far beyond providing financial services. We build deep relationships with all our stakeholders. This includes the creation of a rewarding environment for our valued employees, partners and customers. We are committed to empower and uplift the communities that we serve to promote positive change.

Read more about our Green Financing on  75



H

Holistic

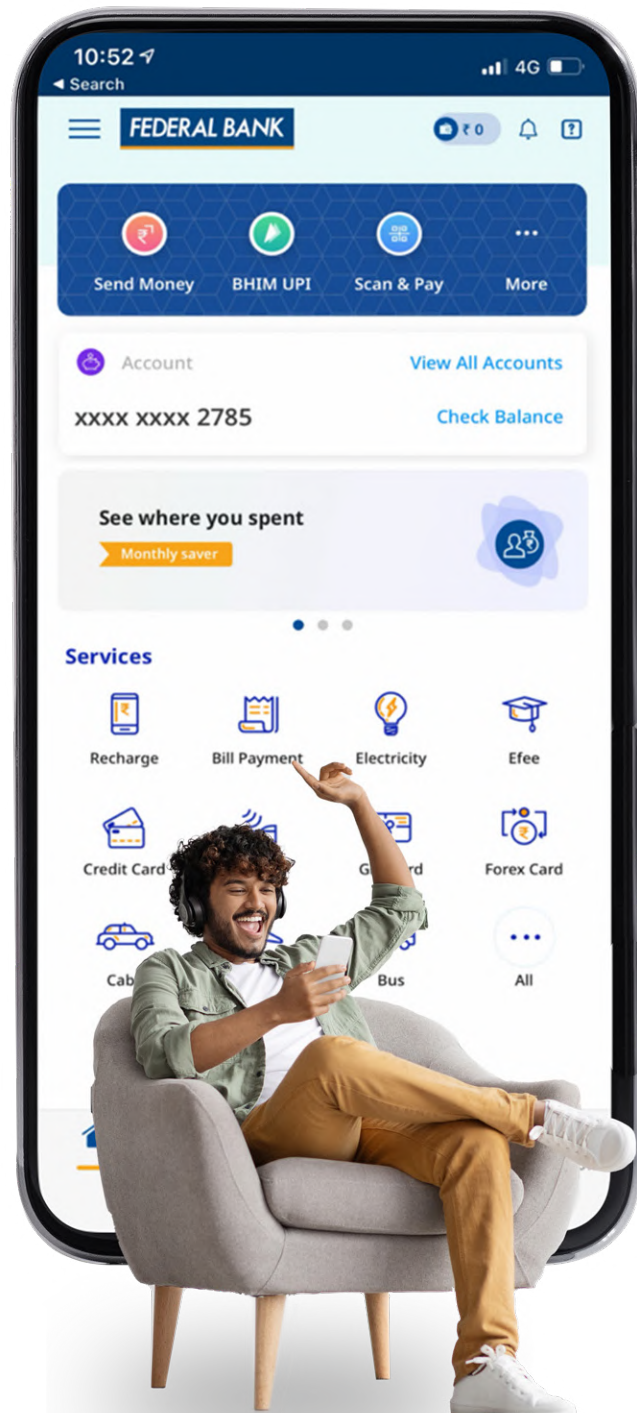
Our holistic approach to growth, aided by our subsidiaries, encompasses branch expansion and a focus on leveraging technology to create best-in-class products for all customers, including the new age customers. We attract young talent to work with us to be future-ready.

Read about how we enable NRIs in United Arab Emirates (UAE) to open account with us digitally on  87



Through R.E.A.C.H, we are touching hearts of all our stakeholders, delivering exceptional value and creating a future that is inclusive and resilient.

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Want to Make a Difference?



At Federal Bank, we are committed to preserving the environment. We request you to print this report only if absolutely necessary. **Save paper. Save trees.**

About the Report

Integrated Thinking

APPROACH TO REPORTING

Through this Integrated Annual Report for FY 2023-24, we, at Federal Bank, aim to offer our stakeholders a comprehensive view of our Bank's capacity to create value. The Report extends beyond financial reporting and presents a glimpse into our key achievements, strategies, marketing initiatives and material issues emanating from stakeholder engagements and their respective mitigation strategies. It also highlights the risks and opportunities our Bank faces, our governance structure, and our approach to ensuring long-term sustainability.

REPORTING PERIOD, SCOPE AND BOUNDARY

The reporting period for this Annual Report is from April 1, 2023, to March 31, 2024. The Annual Report also covers non-financial information on a standalone basis. Our BRSR report for FY 2023-24 has undergone external assurance. M/s. Bureau Veritas has conducted Reasonable Assurance for BRSR Core indicators and Limited Assurance for BRSR comprehensive indicators in accordance with ISAE 3000 assurance standards.

The Bank is dedicated to enhancing the quality of its data, consistently adopting new guidance that adheres to reporting standards, and gaining insights from industry practices. Due to these efforts, the methodology and assumptions used to calculate certain indicators under BRSR have undergone changes, and the impact of these

changes has been disclosed in their respective sections.

REPORTING PRINCIPLES AND FRAMEWORK

The financial information presented in this report is in line with the requirements of

- The Companies Act, 2013 (including the rules made thereunder)
- The Companies (Accounting Standards) Rules, 2006
- The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- The Banking Regulation Act, 1949 and other relevant RBI regulations

We are committed to adopting best industry practices and enhancing the quality of our disclosures by adhering to globally recognised frameworks. This Integrated Report for The Federal Bank Limited for FY 2023-24 has been developed in alignment with the principles of the Integrated Reporting <IR> Framework by the Value Reporting Foundation. Additionally, the report is in accordance with the latest Global Reporting Initiative (GRI) Universal Standards 2021 and references the United Nations Sustainable Development Goals UN SDGs mapped to our material topics.

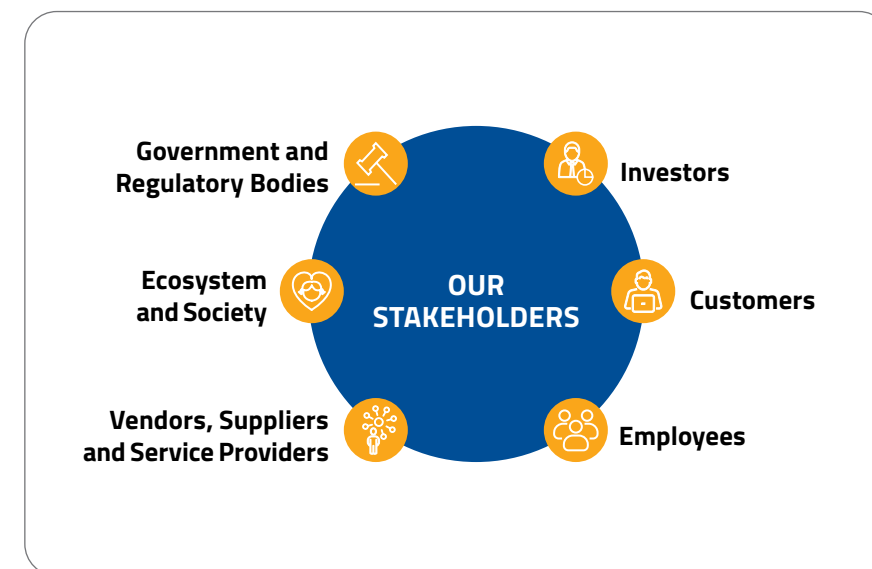
APPROACH TO MATERIALITY

This Report includes information that is material to all stakeholders of our Bank and provides an overview of our business and related activities. The Report discloses matters that substantially impact or affect our Bank's ability to create value and could influence the decisions of providers of financial capital. In FY 2022-23, our Bank conducted a materiality assessment in line with GRI requirements through consultations with internal stakeholders.

Read more on 58

Forward-looking Statements

Certain statements in this Report regarding our business operations may constitute forward-looking statements. These include all statements other than statements of historical fact, including those regarding the financial position, business strategy, management plans and objectives for future operations. Forward-looking statements can be identified by words such as 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', 'plans', 'outlook' and other words of similar meaning in connection with a discussion of future operating or financial performance. Forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realised and as such, are not intended to be a guarantee of future results, but constitute our current expectations based on reasonable assumptions. Actual results could differ materially from those projected in any forward-looking statements due to various events, risks, uncertainties and other factors. We neither assume any obligation nor intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



RESPONSIBILITY STATEMENT

The contents of this Report has been evaluated by the senior management of the Bank and is reviewed and approved by the Board of Directors to ensure the accuracy,

completeness and relevance of the information presented in line with the principles and requirements of the International Integrated Reporting Framework.

SDG's IMPACTED



Restatement of Information

Corrigendum to Annual Report FY 2022-23 and notice of 92nd AGM was filed on July 31, 2023

In page 306 and 307 of Annual Report, the page headers were incorrect. The same has been corrected as follows: page 306: Schedule 18: Notes to Accounts Forming Part of the Financial Statements for the Year Ended March 31, 2023 page 307: Schedule 18: Notes to Accounts Forming Part of the Financial Statements for the Year Ended March 31, 2023 (contd.).

In page 464 of Annual Report, under head "Statement of Use" in GRI Index, the statement provided was incorrect/incomplete. The sentence has been replaced as follows: "The Federal Bank Limited has reported its ESG performance in accordance with the GRI Standards for the period April 1, 2022 to March 31, 2023."

In the explanatory statement of 92nd AGM Notice, Item no. 10, Serial no. 15, the following changes have been made. Instead of "Division of IFC", read as "Department of IFC". Instead of "further, please note that Ms. Ruth Horowitz is the head of the IFC Asset Management Company and the Chair of the Investment Committee of FIG & EAF", read as "Mr. Mengistu Alemayehu is the head of the IFC Asset Management Company and Mr. John Gandolfo is the Chair of the Investment Committees of FIG & EAF."

There is no impact of these restatements.

FEEDBACK CHANNEL

For any suggestions, views and opinions related to this Report, please reach out to secretarial@federalbank.co.in



Key Highlights for FY 2023-24

Creating Value for our Stakeholders

Strong Growth

₹ 3,721 Crore

Highest-ever Profit After Tax (PAT)

▲ 24% Y-o-Y

(₹ 3,011 Crore in FY 2022-23)

₹ 2,09,403 Crore

Net Advances

▲ 20% Y-o-Y

(₹ 1,74,447 Crore in FY 2022-23)

₹ 2,52,534 Crore

Deposits

▲ 18% Y-o-Y

(₹ 2,13,386 Crore in FY 2022-23)

Strengthening Key Ratios

16.13%Capital Adequacy Ratio
(14.81% in FY 2022-23)**0.60%**Net NPA
(0.69% in FY 2022-23)**71.08%***Provision Coverage Ratio
(70.02% in FY 2022-23)
*excluding Technical Write Offs'

Environment Impact

₹ 6,962 Crore

Green Financing Outstanding

4,04,995 kWh

Solar Power Generated

84.15 Tonnes

Paper Sheets Saved

Engaging Our Workforce

99.70%

Return to Work Ratio

42.28%Female Representation
in the Workforce**42**

Training Hour(s) Per Employee

Investors

7.85%

Dividend Payout Ratio (Proposed)

14.73%

Return on Equity

12.81%Change in Share Price from
March 31, 2023 to March 31, 2024

Customer Centricity

32 Lakh +

New Customer Relationships

1.82 Crore

Total Customer Relationships

94.30%

Digital Transactions

Progress through Partnerships

79%Partnership Share in
Co-branded Credit Cards**16%**Partnership Share in
Savings Franchise**72%**Partnership Share in
Personal Loans

Funding the Less Privileged

1,593Households Reached under
Sustainable Livelihoods**₹ 60.67[#]** Crore

CSR Spend

8.81 Lakh

Women Borrowers in MFI

Governance

73%

Independent Board Members

18%Women Representation
on Board**18**Total Number of
Training and Awareness
Programmes for the Board[#]Includes the amount of ₹ 13.46 Crore spent during the year from the Unspent CSR Account of FY 2022-23

Key Highlights for FY 2023-24

Awards and Accolades

Recognised as the **'Bank of the Year 2023'** in India instituted by The Banker, a well-known publication under the Financial Times umbrella

Won the **'Future Ready Organisations Award 2023-24'** – Economic Times

Honoured with **'Amity Banking Excellence for Sustainable Banking'**

Recognised as the **'Best AI & ML Bank'**, Runner-up in 'Digital Engagement' and received a special mention for driving Financial Inclusion by the Indian Banks Association

Recognised as the **'Best Bank in Fintech'** initiative – Business Today

Won 5 Awards in different categories at the Indian Chamber of

Commerce Emerging Asia Banking Awards

Ranked the 1st Runner-Up in the **'Diversity & Inclusion Excellence Award'** in the category of **'Best Employer for Women'** (In Large Category) from The Associated Chambers Of Commerce And Industry Of India (ASSOCHAM)

Recognised as **'ESG Champions of India 2024'** in the Commercial Banks sector at the Dun & Bradstreet ESG Leadership Summit 2024

Won the HR award for 'Future of Work, Workforce and Workplace' (Large Segment) at the **People Pioneers Awards 2024**, instituted by TechCircle

We are the only Bank to receive **India's Top 10 Workplaces™ for Women 2023**



Won the **'Finnoviti Award'** instituted by Banking Frontiers for **'Fed-E-Studio'**, the self-service banking kiosk for customers

Won the **'Emerging Asia Banking Awards 2023 Millennials Indian Chambers of Commerce'**



Won the **'Excellence in Digital Lending'** for our Retail Division from Lentra CNBC TV18

Won the **KMA CSR Awards 2024** in Environment Sector as a part of the **KMA Sustainability Summit and Awards 2024**

IFC has declared Federal Bank among **Top Financial Institutions for Climate Reporting** in 2023

- Our Bank clinched four prestigious recognitions in the following categories:
1. Most Transactions Reported
 2. Highest Climate Loan Amount Reported
 3. Most GHG Mitigated
 4. Best Achievement vs Climate Targets

Key Highlights for FY 2023-24

Innovative Solutions



FlashPay

» We launched FlashPay, a compact and stylish solution for seamless transactions on the go. It is a first-of-its-kind smart RuPay key chain that allows the customer to make secure payments. This eliminates need for physical cash or cards.



WhatsApp Hub

» Our digital end-to-end lending journey acquired a new dimension through our WhatsApp Lending Platform that seamlessly offers services at your fingertips.

Pre-approved Personal Loans

Customers can avail pre-approved personal loans through WhatsApp without any platform charge

Pre-approved Credit Cards

Customers can avail pre-approved credit cards through WhatsApp

Social Security Schemes

Eligible customers can enroll in PMSBY and PMJJBY schemes through WhatsApp



New Derivative Product 'Non-Deliverable Options' Launched

» This product was launched as a part of the Bank's endeavour to widen its product suite and be the one stop place for all the hedging products required by the clients. This product gives opportunities to serve the onshore as well as offshore clients who wish to hedge their currency risks. The product also gives the Bank opportunity to benefit from the pricing disparities between the onshore and offshore markets for options.



New Derivative Product 'Bond FRA' Launched

» The Bank also started offering Forward Rate Agreement on Bonds or Bond FRA to its institutional clients for hedging their interest rate risks. The product is of significant use for Insurance companies in hedging the interest rate risk associated with their product offering.



BBPS Bill Payment System

» Federal Bank Credit Card is a biller on the Bharat Bill Payment System (BBPS) platform, simplifying bill payments. Customers are no longer required to visit individual websites of different billers to pay bills.



Mutual Funds Through Debit Card in Association With Visa

» Launched in association with RazorPay, Federal Bank customers can now use Visa debit cards to invest in mutual funds.



Blockchain-based Cross-border Transaction

» We are the first India-based Bank to execute a blockchain-based cross-border trade transaction. This was done using a blockchain-based electronic Bill of Lading solution. This aims to streamline trade finance processes, offering customers a seamless and efficient service that ultimately saves time and cost.

SEAMLESS RELATIONSHIP ANALYTICS SERVICE STANDARDS 24*7 ASPIRATIONS
 WHOLESALE BANKING **ENSURING CUSTOMER SATISFACTION** DIGITAL INNOVATION LISTEN GROWTH
 EXCEED EXPECTATIONS CUSTOMER DELIGHT EXPERIENCE FOOTPRINT PREFERENCES RETAIL BANKING



Madhava Raju
Customer

Decade-long **Rishta!**

"We are also part of IIHT Education Group and Fare Labs Technology Group. I have been in Business for last 30 years – education, real estate, hospitality – to name a few. I have seen India grow, and I know it has a great future going ahead. Currently, our infra business and real estate business are consolidating on office parks, hotels, residential apartments and I expect we will spend a lot of time and money in that. We have been banking with Federal Bank for years. What separates them is that most Banks don't understand customer

requirements. The way Federal Bank understands Rishta or relationship is unparalleled. They understood our nature, our business requirements and customised solutions to meet our requirements.

They are always just a call away anytime we have any need. We have not even looked at other options. Wish I found this Bank earlier in my life!"

“
 We are a Bank whose all actions are directed keeping customer at the core."
”
 -Federal Bank





About Federal Bank

Pursuit of Excellence

We are reaching every corner of India to meet our ever-growing number of customers through our branches and digital solutions. Our objective is to become the most admired financial institution in the nation and for all our stakeholders by offering the highest levels of service. We operate our business under two divisions – Retail and Wholesale.

1.82 Crore+

Happy Customers

1,504

Banking Outlets*

* Including extension counters

2,015

ATMs/Cash Recyclers*

* Including 2 Mobile ATMs



Our Vision

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



Core Values

Our time-tested core value framework (CARES) outlines a set of values and behavioural qualities that are critical to the employees of the Bank. Our actions and interactions with our stakeholders are defined by the following core values.

- Commitment to Excellence
- Agility
- Relationship Orientation
- Ethics
- Sustainability



Our Mission

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

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

Shareholders: To achieve consistent growth in shareholder value.

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



Our Credit Rating

CRISIL Rating

- Fixed Deposit (Short Term): A1+
- Fixed Deposit: AA+/Positive
- Certificate of Deposit: A1+

India Ratings & Research Pvt Ltd/CARE

- Tier 2 (Capital) Bonds: CARE AA+/Stable

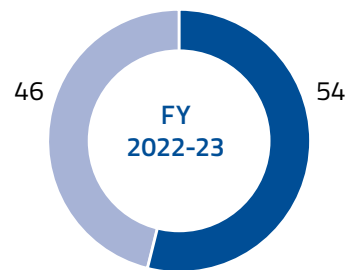
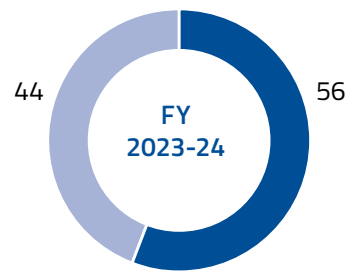
Our Businesses

Achieving Healthy Growth

Our wide range of products and services are tailored to the needs of our wholesale and retail clients, ensuring a seamless banking experience. We aim for stable and diversified loan growth across businesses.

Gross Advance Mix

Wholesale Book Retail Book

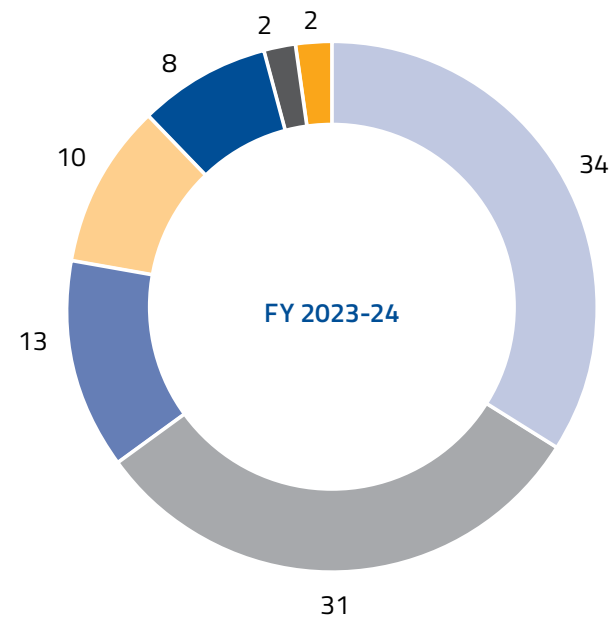


(%)

Advance

(%)

CIB Retail Agri COB BuB CV/CE Business MFI



* Agri: Agri Loans, BuB: Business Banking, CV/CE: Commercial Vehicles, Construction and Equipment Finance, MFI: Micro finance institutions, CoB: Commercial Banking, CIB: Corporate and Institutional Banking
 * CoB and CIB are wholesale banking and others are a part of retail banking
 Credit segments are realigned at the beginning of every FY. Vertical-wise advance figures do not account for sale via IBPC

RETAIL BANKING DIVISION

Our Retail Banking business consists of Retail Banking, CV/CE Financing, Agri-banking and Business Banking, Gold Loans and Microfinance.

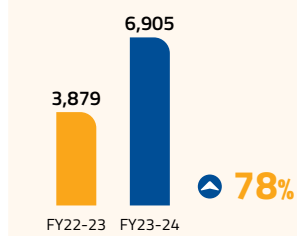
- Retail Banking: Deposits, mortgage-backed housing loans, retail loans against property (Retail LAP), auto loans, cards and payments, non-resident banking, and wealth management services.
- Business Banking: Business loans to Micro, Small and Medium Enterprises (MSMEs).
- CV/CE Financing: Purchase of new and used commercial vehicles and construction equipment for single-unit owners, fleet operators, and strategic clients.
- Agri Banking: Financing solutions for agriculture and the priority sector.
- Gold Loans: The Bank uses innovative products to offer loans against gold.
- Microfinance: Financing solutions for improving and promoting inclusive growth.

Key Focus Areas

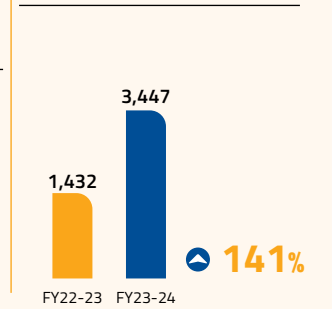
- Focus on building high-margin businesses like microfinance, credit cards and personal loans within our Bank's risk appetite.
- Leveraging analytics and tailoring more products and services to specific customer segments, ultimately redefining the customer experience.
- Continuation of branch network expansion, targeting unexplored locations.
- Acquisition of more low-cost funds by effectively leveraging our strengthened Relationship Manager force.

Retail Banking provides a key focus on high-margin lending products like credit cards, personal loans, and microfinance.

Credit Card and Personal Loans, including Fintech (₹ in Crore)



Microfinance (₹ in Crore)



₹ 1,19,493 Crore

Retail credit book as on March 31, 2024

▲ 25% Y-o-Y

Credit segments are realigned at the beginning of every FY.

₹ 2,52,534 Crore

Total Deposits as on March 31, 2024

▲ 18% Y-o-Y

WHOLESALE BANKING DIVISION

Our Wholesale Banking segment comprises Commercial Banking (CoB), Corporate and Institutional Banking (CIB) and Government & Institutional Business (GIB). Our Wholesale Banking solutions are part of a comprehensive suite of offerings, including working capital loans, term loans, trade finance, cash management, supply chain finance, foreign exchange services, treasury products, structured offerings, gold metal loans, liability products and digital solutions.

- CoB: This segment provides comprehensive financing solutions to mid-market and MSMEs.
- CIB: This segment caters to large business houses and corporates, MNCs, capital market clients, PSUs and financial institutions.
- GIB: Caters to Central and State government departments and various government institutions, largely focusing on the liability business.

₹ 95,083 Crore

Wholesale Banking Advances as on March 31, 2024

▲ 15% Y-o-Y

Credit segments are realigned at the beginning of every FY. Vertical wise advance figures do not account for sale via IBPC.

Key Focus Areas

- Supply chain finance: Capture corporate ecosystem, PSL portfolio, higher yield, granular book.
- Deeper geography: Higher yield, granular book, minimise geographical risk, high PPC.
- Wholesale liability: Improve CASA & self-funding, promoters/KMP relationship, high PPC.
- Syndication Desk to originate and downsell large ticket loans.
- Digitalisation: Launching a more advanced version of the Corporate Digital platform.

Presence

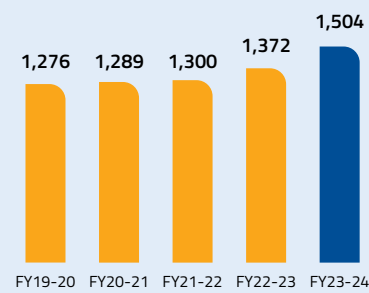
Unlocking New Opportunities

We have adopted a multi-pronged approach and are continually investing to increase our footprint pan-India. Along with our branch and ATM expansion and enhanced digital capabilities, we rely on alternate channels, including partnerships, to improve our customer reach.



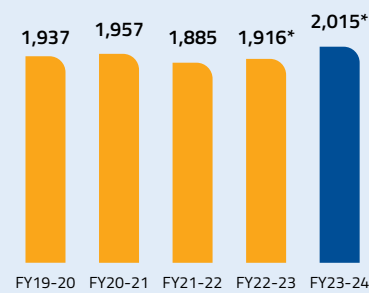
CONTINUOUS INVESTMENTS TO EXPAND PAN-INDIA FOOTPRINT

Banking Outlets*



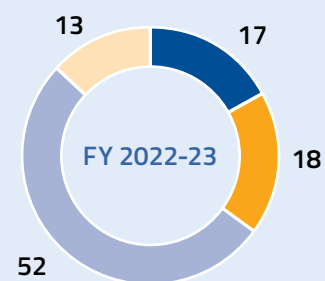
* Including Extension counters

ATMs/Cash Recyclers

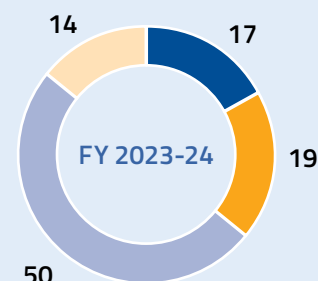


*Including 2 Mobile ATMs

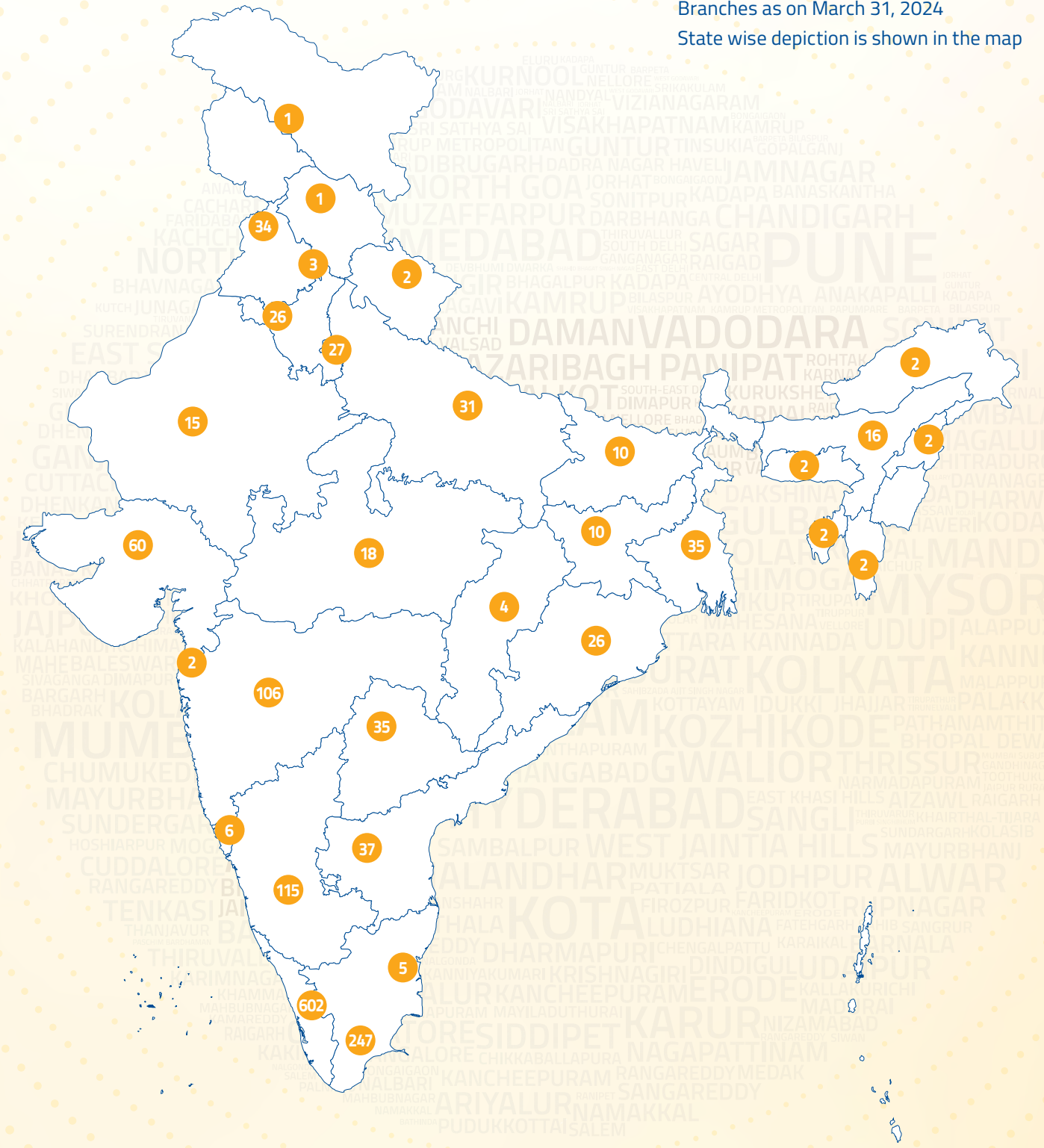
Region-wise Branch Spread (%)



■ Metro ■ Urban ■ Semi-urban ■ Rural



Branches as on March 31, 2024
State wise depiction is shown in the map



Map not to scale.

26
States

5
Union Territories,
including Delhi NCT

2
Dubai & Abu Dhabi
Representative Offices

**Gujarat International
Finance Tech-City (GIFT)
IFSC Banking Unit (IBU)**

Group Companies

Supporting Growth

Federal Operations & Services Limited

(Stake: 100%)

Federal Operations & Services Limited (FedServ) is a wholly owned subsidiary of Federal Bank that carries out operational and technology-oriented activities of our Bank. Located in Bengaluru, Visakhapatnam and Kochi, the entity is designed to deliver excellence in service, mitigation of risk and cost efficiencies.

SERVICES

- Data entry operations
- Channel management
- Call centre operations
- ATM monitoring

- Branch support for recovery and sales
- IT development
- Vendor management and monitoring
- Data analysis
- IT application support
- Field collection management
- Project management
- Field sales management

₹ 79 Crore Total Revenue FY 2023-24

₹ 6 Crore PAT FY 2023-24

₹ 7.18 Crore Profit Before Tax

Ageas Federal Life Insurance Company Limited

(Associate, 26% stake)

Ageas Federal Life Insurance Company Limited (AFLIC) prominent life insurance companies. It is a joint venture between Ageas, an international insurance giant based out of Europe, and Federal Bank.

AFLIC offers a comprehensive suite of life insurance solutions encompassing wealth management, protection, and retirement planning, empowering people to choose a future of their choice. It continues to work on its stated objective of building a healthier and better society by helping its customers in the process. It currently offers 31 products.

32%

New Business Premium Growth

Fedbank Financial Services Limited

(Stake: 61.58%)

Established in 1995 and headquartered in Mumbai, Fedbank Financial Services Limited, is a publicly listed Company (NSE: FEDFINA; BSE: 544027), operating as a subsidiary of The Federal Bank Limited.

The Company operates with a vision to "Empower Emerging India with Easy Access to Loans". The Company is guided by four core values encapsulated in the acronym EPIC, which is "Execution Excellence, People Centricity, Integrity and Customer Centricity".

The Company is a retail-focused non-banking finance Company providing Gold Loans, Mortgage Loans and Business Loans. The Company also sources housing loans, car loans, personal loans, home equity, mortgage loans, etc. for Federal Bank.

The Company recently got listed on the National Stock Exchange (NSE) and BSE Limited, raising ₹ 10.9 Billion, through its IPO. The IPO was oversubscribed 2.2x times, showcasing the trust of its stakeholders.

The Company's long term credit ratings is AA+/Stable by CARE and India Ratings, while CRISIL has assigned it AA/Positive rating. The Company has a network of 621 branches spread across 18 states and UTs.

OUR PRODUCT SUITE

	Working capital loan against mortgaged property	Loan against pledged gold	Working capital business loans
	Mortgage Loans	Gold Loans	Business Loans
Assets Under Management (FY 2023-24)	₹ 6,218 Crore	₹ 3,969 Crore	₹ 1,826 Crore
Average Ticket Size (FY 2023-24)	₹ 20.5 Lakh	₹ 1.1 Lakh	₹ 24 Lakh
Loan to Value (Average) (FY 2023-24)	52%	70.5%	-
Gross Stage III Underwriting	2.2% Assessed Income/ Income-based	0.8% In-house Valuation	0.5% Income-based

₹ 12,192 Crore* AUM
▲ 34% Y-o-Y

₹ 13,579 Crore Disbursement
▲ 26% Y-o-Y

2.4% RoA

13.5% RoE

Equirus Capital Private Limited (Associate, 19.59% stake)

It provides Investment Banking, Fixed Income, Insurance Broking, Institutional Equities, Portfolio and Wealth Management Services.

2.7%

Institutional Equities Market Share

₹ 1,000 Crore AUM under PMS

IMPORTANT DEALS EXECUTED DURING THE YEAR

IPO – Book Running Lead Manager (BRLM)	Filed DRHP (Draft Red Herring Prospectus) for	BLRM for Public NCDs (Non-convertible Debentures)	Secured Structure Debt Facility

*Including IndAS accounting adjustments

Technology Initiatives

Digital Innovation for Customer Delight

In FY 2023-24, 94.30% of Federal Bank's transactions went digital, solidifying its leadership in banking. To sustain this momentum, we are continuously enhancing our digital prowess through AI and Machine Learning. This enables personalised customer experiences and quicker decision-making, positioning us to capitalise on new market realities.

₹ 24,124 Crore

Mobile Banking Volume in March 2024

4.6

Playstore Rating for FedMobile App in March 2024

74%

Increase in Digital Transactions Count

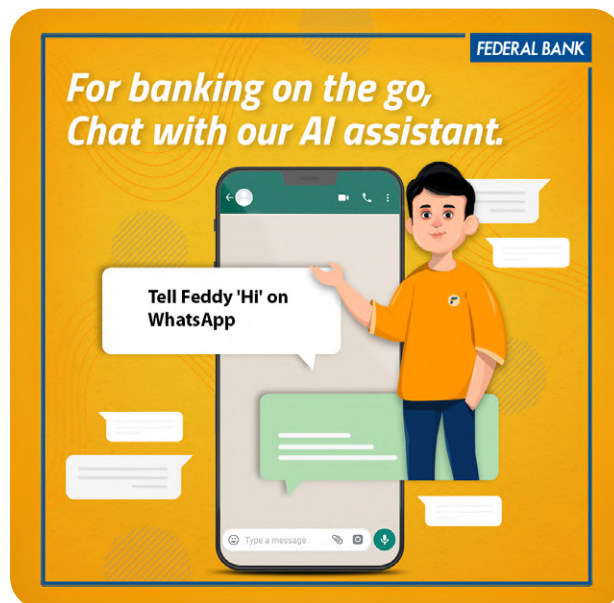
33%

Increase in Mobile Transaction Volume for March 2024 vs March 2023

WHATSAPP HUB

WhatsApp is the most widely used social media platform in India. Federal Bank has brought banking to customers' fingertips through WhatsApp Hub. A first-of-its-kind revolutionary initiative in the industry, the WhatsApp Lending Platform, went live in August 2023. Using WhatsApp, customers can instantly access pre-approved personal loans, credit cards and social security insurance covers. Ease of usage, convenience and time-saving make the WhatsApp Hub attractive for customers.

Read more about our WhatsApp Hub on 12



ENHANCED FEATURES IN FEDMOBILE APPLICATION

FedMobile Access to Minors: We introduced a future-focused banking experience for next-gen. We extended FedMobile access to minors holding savings accounts with us under the FedFirst scheme. This is a first-of-its-kind initiative that will help young minds develop financial awareness.

UPI for NRIs on FedMobile: Taking borderless banking to the next level, We are empowering our NRI customers from NPCI approved countries to use UPI Services via FedMobile. UPI transactions through FedMobile have seen an increase after the release of this feature.

Optimisation in the App: We are always striving to make FedMobile a better experience for our customers. We have streamlined processes like account opening, deposit opening and app onboarding journeys to increase the security and convenience of using the App. Customers can easily subscribe to Social Security Schemes such as Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJY) through FedMobile. We also introduced a quick navigation for FedMobile users to access major modules in the app.

Most importantly, we have enhanced the security for our customers by providing an easy option to report any suspicious activity or fraudulent transactions.

CONVERSATIONAL BANKING WITH FEDDY

Feddy, our AI-powered Virtual Assistant is equipped to answer customer queries round the clock. Introduced in October 2020, Feddy is an intelligent companion, offering assistance on:

- Providing quick, accurate, and contextual answers to repetitive queries
- Giving our customers a feeling of instant gratification with a premium touch
- Addressing general and transaction-related queries of registered customers and general queries from everyone

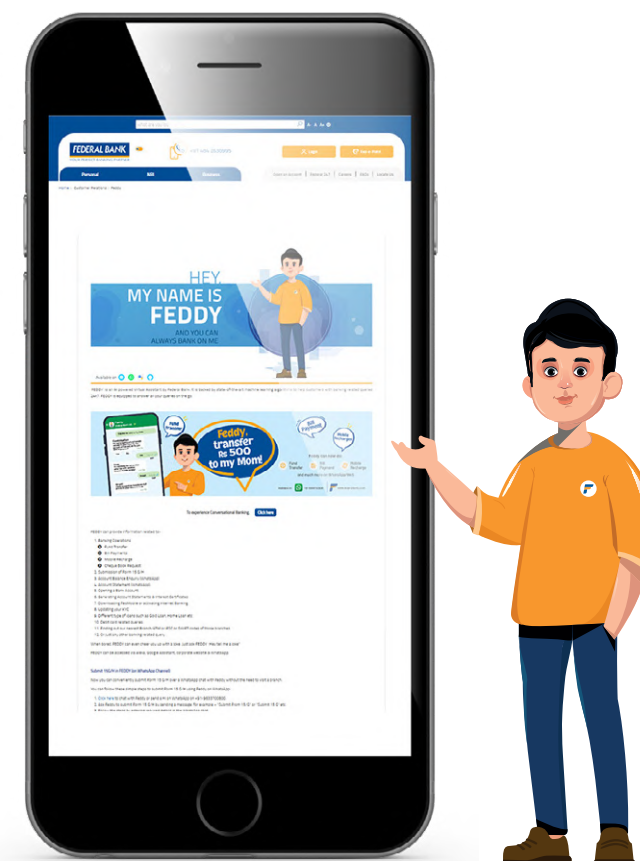
We made Feddy even smarter in January 2024. Now customers can perform tasks like fund transfers, bill payments, chequebook requests, and mobile recharges through seamless human-like conversations through platforms such as WhatsApp/Web.

Feddy, our bright star, is redefining banking experiences.

Feddy is live on

20,26,197 Queries

Answered by Feddy in FY 2023-24



ELECTRONIC BANK GUARANTEE

Electronic Bank Guarantee, a platform developed in association with National E-Governance Services Ltd (NeSL), enables an end-to-end paperless journey of Bank guarantee processing. The journey facilitates the issuance, invocation/amendment and closure of e-BG/s in a purely digital approach. The e-BG platform also helps in the payment of stamp duty. Apart from ease of business for the client, this also reduces the use of paper, thereby re-affirming our commitment to the environment.

ENHANCED UPI/IMPS FEATURES

We have implemented several features in UPI and IMPS to simplify transactions, improve accessibility and cater to a wider customer base. Major UPI initiatives in UPI like UPI Lite, RuPay Credit Card on UPI, Simplified P2P IMPS payments and UPI for NRI Customers. UPI LITE is an on-device wallet designed specifically for payments under ₹ 500, without requiring a UPI PIN. We have also extended UPI facilities to NRI customers from 12 countries as approved by NPCI.

COLLECT-PRO: STREAMLINING APARTMENT MANAGEMENT

Federal Bank launched Collect-Pro to simplify Apartment Complex Management. Collect-Pro is a web-based, user friendly, customisable application. It is designed to cater to collection management requirements for any size of Apartment Association. It enables apartment tenants and management to manage apartment associations' operations efficiently. Tenants can choose their preferred mode of payment as Collect-Pro is integrated with BBPS (Bharat Bill Payment System). This also facilitates various recurring and non-recurring bill payment options for customers with the assurance and security for the payments from the NPCI (National Payments Corporation of India). The Collect-Pro platform makes it easy for associations to keep track of collections received and enables a channel for sharing important information and messages with tenants.

Technology Initiatives

Other Technology Initiatives

FED-DOC-HUB

Automated/dynamic document generation and e-signing portal

- Reduces TAT of document creation
- Minimises errors in documentation

FHMF SCHOLARSHIP PORTAL

Portal for students to apply for the Federal Bank Hormis Memorial Foundation Scholarship Online

- Elevates the user experience of the Bank's CSR activities
- Commitment to ESG: Application process made paper-free

GEN-AI SEARCH

AI search module for Corporate Website

- Improves search results by leveraging Generative AI functionalities

HR-REQUEST MANAGEMENT PORTAL

New application for management of resource requests placed by Departments and Zonal Offices

- Enables efficient management of the requests received at HR Talent Acquisition and Deployment Dept
- Optimises the resource allocation within the Bank

LEXIS NEXIS TRADE SCREENING SOLUTION

Solution to screen trade transactions against a global sanctioned list, sanctioned vessels, ports and restricted goods list.

- Better screening of trade transactions to combat Trade-Based Money Laundering
- Addresses the gaps in regulatory compliance

W-CBDC

Wholesale Central Bank Digital Currency

- W-CBDC is a product for wholesale transactions (issuance, redemption, and transfer) limited to financial institutions.
- Enables real-time, inter-institution settlement with instant finality

RETAIL CBDC

Also referred to as CBDC-R/Digital Rupee/e₹ is an electronic version of cash primarily meant for retail transactions. e₹ provides access to safe money for payment and settlement as it is a direct liability of the Central Bank. e₹ will provide an additional option to the currently available forms of money.

NAMASTE CREDIT

Portal for mortgage loans

- Enhances digital onboarding process
- Keeps the loan application details recorded

SOUNDBOX

The Sound Box provides voice alerts for payments received. Currently, Federal Bank Soundbox provides voice alerts in 4 languages (English, Tamil, Kannada and Hindi).

We are also strengthening our digital presence across transaction banking offerings

BEYOND BANKING: AGRICULTURE AND DRONES



Beyond the technology solutions in banking, we are excited about the technological progress in other areas, too. A prime example is, Garuda Aerospace Private Limited, a Chennai-based drone startup founded in 2015 by a young entrepreneur and an Asian gold medallist swimmer, Agnishwar Jayaprakash. In 2022, the Hon'ble Prime Minister of India, Narendra Modi inaugurated the drone manufacturing facilities of Garuda Aerospace. Recognising the positive impact that drones can have on agriculture, Chennai Zonal Office and Agri Dept organised a factory visit for the 'Pasumai Padai' (meaning Green Army) - the Agri RMs of the Zone to Garuda Aerospace to explore the utilities and future applications of drones in agriculture. The Garuda team's insights were highly informative, showcasing how drone technology can revolutionise farming practices and simplify the lives of farmers.



94.30%

Digital transactions processed in March 2024

2.5x

Growth in eNACH-based digital collection volume over March 2023

10MN +

NEFT payments processed through digital channels improving digital volumes in March 2024

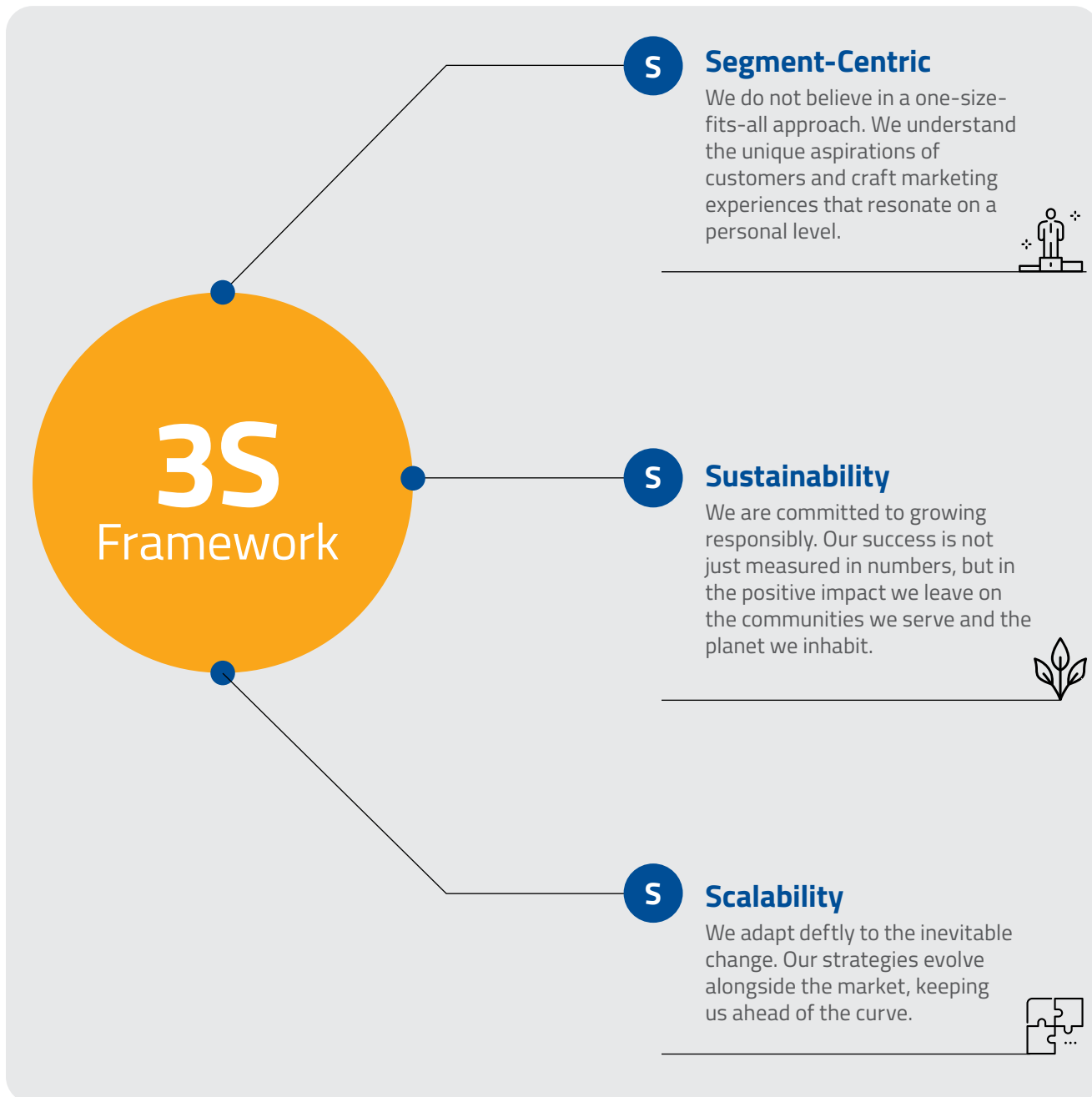
68%

Growth in overall UPI transaction volume in March 2024

Marketing Initiatives

Breaking New Ground

Our marketing ethos is built around the 3S framework – segment-centric, scalability and sustainability. This was the year we transcended traditional marketing approaches to redefine our brand image across India and establish stronger connections with our customers. We embraced innovation and new ways of thinking, turning our marketing campaign into a tale of triumph.



Highlights and Achievements

'RISHTA AAP SE HAI, SIRF APP SE NAHI' (THE RELATIONSHIP IS WITH YOU, NOT JUST THE APP) CAMPAIGN:

This campaign was launched in late FY 2022-23 but continued to be our core theme in FY 2023-24 as well. This campaign highlights the value of personal connections in the digital age. It was launched to build brand loyalty, foster positive perception, and establish emotional connections. The campaign ran for 40 days from February to May 2023.

11,000+

Spots across Various Channels

2,90,000+

Seconds of Free Commercial Time

81.6 Million

Audience Reached



+32.5%

Positive Social Media Mentions

1,80,000+

New Social Media Followers

FEDERAL BANK KOCHI MARATHON (FBKM)

We believe in the culture of well-being and support physical activity and healthy lifestyles to inspire lasting change in our communities. In FY 2023-24, we sponsored 2 editions of marathons in Kochi – one on May 1, 2023, and the other on February 11, 2024, under the theme of #Godsownmarathon. The event promoted eco-consciousness as well as wellness among the citizens of Kochi.

We used print advertisements, hoardings, metro pillar branding, TV bands and radio campaigns to advertise the marathon. Both the marathons received tremendous response. The second edition attracted runners from 10 countries, 21 states, and ~500 specially-abled athletes.

The Bank also sponsored other sports events like the Mirchi Bahrain Neon Run (2,000 participants), Madurai Half Marathon, Manipal

Marathon (10,000 participants), Kochi Navy Half Marathon, Lucknow Marathon, and Changanassery Marathon. At the Manipal Marathon, we sponsored the 'Physically and Visually Challenged Run' category.

7,280

FBKM 2nd Edition Runners

25 Million

Audience Reached through Print, Online and TV Coverage

We support talented athletes like H.S. Prannoy and other emerging sportspersons and contribute to their career growth and success in international arenas.

These initiatives promote values of endurance, health and community spirit and enhance our image as a socially responsible entity, locally as well as nationally.



5,236

FBKM 1st Edition Runners

₹ 11.82 Lakh

Funds Raised

Marketing Initiatives



Other Major Topical Campaigns

END DEPENDENCE: EMPOWERING SENIORS IN THE DIGITAL AGE

This was a single-day campaign launched on India's 76th Independence Day to empower senior citizens by breaking stereotypes and building their confidence in the digital world. The campaign aimed to encourage self-reliance in financial transactions and more.

3.1 Million
Views for Video Content

6,00,000
Full Video Views

DIWALI CAMPAIGN: IGNITING A SPARK, CULTIVATING DREAMS

Federal Bank's 2023 Diwali campaign, 'Bachane Ki Shuruat Bachpan Se' (Saving Starts in Childhood), aimed to promote long-term financial well-being by encouraging individuals to start saving early. The campaign leveraged both Hindi and English news channels in addition to social media, reaching millions during the festive period. It also received coverage in publications such as ET Brand Equity, Marketing Minds, Social Samosa, and Afaqs.

19.2 Million
YouTube and Meta Views

FEDERAL BANK CELEBRATES WOMEN: LEADING THE CHARGE FOR GENDER PARITY

On International Women's Day, Federal Bank proudly celebrated the achievements of women, both within our organisation and across the globe. Our Bank is committed to fostering a workplace environment that empowers and values female talent, ensuring that gender parity is not just an objective but a reality.

Micro-Marketing Initiatives

ADYAR, TAMIL NADU

Federal Bank harnessed the power of micro-marketing. This approach tailors the campaigns to unique characteristics and preferences of local communities, leading to impactful growth. Here is how it unfolded:

- **Branded Shop Signages:** Local shops in Adyar received branded signage, visually connecting the Bank with the community.
- **The Branch Transformed:** The Bank branch became a canvas, adorned with paintings reflecting the essence of Adyar, further solidifying the connection.
- **Listening to Adyar:** The Bank actively engaged with residents, collecting their stories and capturing their struggles, triumphs, and aspirations.
- **An Art Gallery Experience:** Portraits and stories of Adyar residents were showcased in the branch, transforming it into an art gallery, drawing in the community and celebrating its people.

This responsiveness gives our Bank an edge as it reflects a deep understanding of local market complexities. This helps us to forge stronger bonds with the community and address the specific customer preferences.



FUTURENEXT INITIATIVE IN MUMBAI

This programme engaged the future generation by offering exciting activities for children that would lead to meaningful connections between them and their parents. The FutureNext campaign demonstrated Federal Bank's commitment to:

- **Investing in the future:** Empowering and inspiring the next generation through engaging activities.
- **Strengthening family bonds:** Creating opportunities for families to connect and share meaningful experiences.
- **Building a strong brand presence:** Establishing a positive association with families by fostering positive values and community engagement.

'Bachane Ki Shuruat January se Federal Bank Ke Sang' (Start Saving in January with Federal Bank): A digital Out-of-Home campaign that was initiated on January 1, 2024, targeted major Indian cities, and aimed to enhance local engagement through personalised digital billboards.

Marketing Initiatives

Product-specific Campaigns

FEDERAL BANK STELLAR SAVINGS CAMPAIGN

Federal Bank Stellar Savings Account caters to modern, wellness-conscious millennials by offering a holistic banking experience. The account includes complimentary insurance, doctor consultations and access to a dedicated health app. Eco-friendly debit cards made of recycled PVC are one of the unique features of the Stellar Savings account. The product campaign was launched with prominent social media influencers who embody health and well-being.



SOCIAL MEDIA METRIC

~2 Lakh

Likes

JINGLE DEALS CAMPAIGN

Federal Bank unveiled their credit card offer campaign that spanned the end of the year festive season. The Bank offered lifetime free credit cards under 'Jingle Deals,' from December 16, 2023, to January 15, 2024. The 30-day shopping bonanza gave customers access to exclusive deals and great savings. Specific brand partners include Reliance Indigo, Reliance Digital, MakeMyTrip, AJIO, Flipkart, Lifestyle, LULU, Swiggy Instamart, and others.



NEW ACCOUNTS OPENED AS A RESULT OF CAMPAIGN BRAND CAMPAIGN EXTENSION

Launched an awareness campaign for the 'Rishta service' proposition in Maharashtra, Punjab, Gujarat, UP, and the North East, leveraging Instagram and Google Display as primary mediums. The campaign appealed to start a relationship with us, directing to a landing page customised with deposit details.

DEPOSIT ACCOUNT MONTH-ON-MONTH INCREASE

24%	28%	22%
Gujarat	Punjab	Maharashtra
10%	29%	
Assam	UP	

GOLD LOAN CAMPAIGN

Southern Indian states are traditionally strong in gold ownership and gold loans. In order to attract new customers and retain old customers for gold loans in this area, Federal Bank launched strategic Gold Loan Campaign. The campaign utilised multi-channel approach through print media, radio ads, branch branding, cinema ads to increase awareness and understanding of gold loans offerings. It subtly used our 'Rishta' theme to highlight how gold loans schemes can support various lifestyles and celebrations. By launching this campaign at the beginning of the year, we positioned ourselves for a successful financial year in gold loan segment.

IBU CAMPAIGN DRIVE

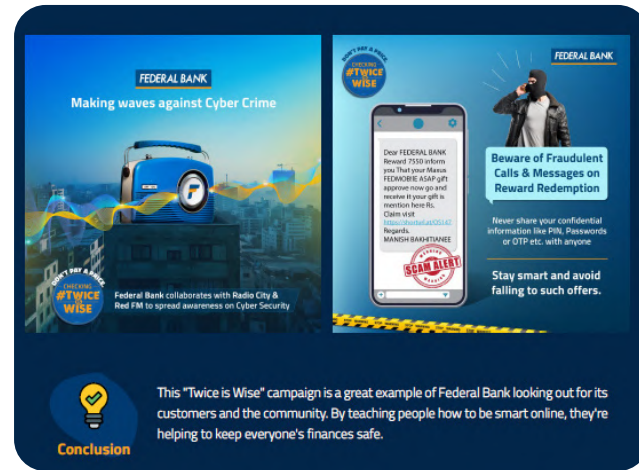
Federal Bank's International Banking Unit (IBU) in GIFT City successfully launched an awareness campaign to promote its foreign currency accounts. The campaign leveraged digital channels to target a relevant audience. Key messages focused on the competitive interest rates offered for foreign currency savings accounts.



Marketing Initiatives

FEDERAL BANK FIGHTS CYBER CRIME

Our 'Twice is Wise' campaign was launched to raise awareness around scams. This radio and social media blitz ran until March 30, 2024, in Mumbai. Through this campaign, Federal Bank offered information on how to avoid getting scammed online by explaining the tricks that are generally followed to scam.

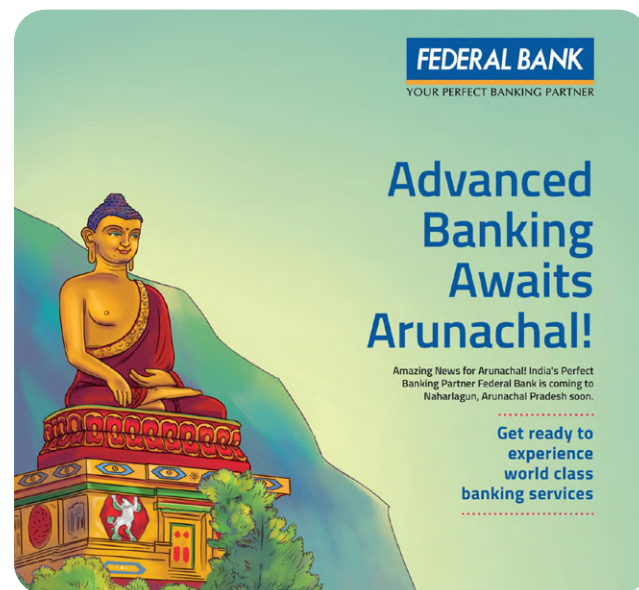


BRANCH OPENING CAMPAIGNS

We significantly expanded our presence in Kerala, Tamil Nadu and the North East and ran elaborate campaigns in these regions. We also celebrated the completion of 50 years in Kolkata and Bengaluru and ran campaigns in Mumbai.

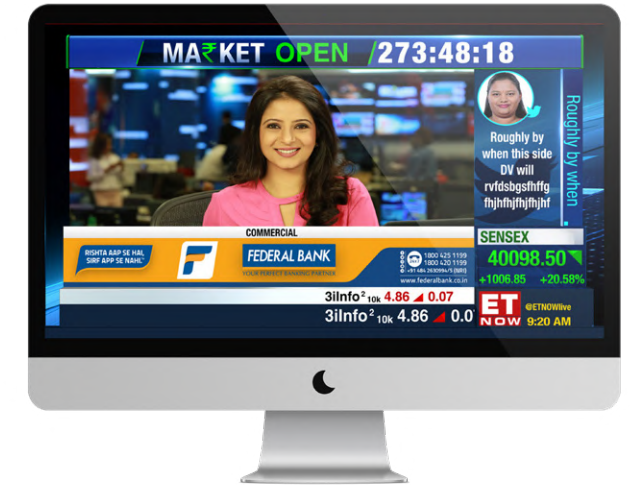
- Our Kerala branch opening campaign involved radio shows as well as digital and social media campaigns.
- We opened 26 new branches across Tamil Nadu and Puducherry in a single day.
- We opened 5 branches in the North East on March 28, 2024, to serve the diverse financial needs of the region.

In addition to the branch inauguration campaign, we ran local cultural campaigns across the regions. Our 50th anniversary celebrations in Kolkata and Bengaluru focused on India's rich and diverse traditions. These initiatives reinforced Federal Bank's position as a trusted partner and enabled us to connect with audiences through relatable narratives.



ET NOW: ON THE GO SERIES

Federal Bank, in collaboration with ET Now, embarked on a multimedia journey exploring six vibrant Indian cities: Mumbai, Delhi, Lucknow, Jaipur, Kanpur, and Kolkata. This initiative, titled 'On The Go,' delves deep into the essence of these cities, examining their Productivity, Infrastructure, Quality of Life, Equity, and Environmental Sustainability.



OTHER MUSIC AND CULTURE INITIATIVES

- Cultural Sponsorships: Our initiatives include the ITF Women's Tournament Metamorphosis with Boria Majumdar, the Trailblazers series, and innovative campaigns like the 'World Cup Fiesta'.
- Music Festival and Concert Sponsorship: Connecting through shared cultural experiences, we sponsor events such as the Thyagaraja Music Awards, and concerts featuring well-known artists, including K S Chitra, Shreya Ghoshal, Sonu Nigam, Karthik and Falguni Pathak.



MARKETING TRENDS AND STRATEGIC ADAPTATIONS

Our marketing endeavours were meticulously aligned with emerging trends:

- Enhanced Branch Experiences:** Branches transformed into community centres offering digital services and financial literacy, and promoting in-person connections.
- Content Leadership:** Original, research-based content marketing significantly elevated our position as thought leaders.
- Technology-Driven Personalisation:** Utilisation of AI to tailor interactions and offers, enhancing customer satisfaction and loyalty.

OPPORTUNITIES FOR THE FUTURE

- Micro-Marketing Strategies:** Like the initiatives in Adyar, we will continue using hyper-local strategies for fostering deeper community ties and deepening market penetration.
- Sustainability Initiatives:** Building on our existing commitments, we aim to integrate sustainability more deeply into all business practices, reflecting on values of globally conscious consumers.
- Expansion of Digital and AI Capabilities:** Continued investment in AI and digital technologies to refine customer experiences and streamline operations.

ADVANCES CASA
 WINNING EXCELLENCE GROWTH
 DEPOSITS CUSTOMERS ROA ACCOUNTABILITY
 PROFITS EPS DELIVERING BVPS PRESENCE
 PERFORMANCE
 EFFICIENCY AUM CONSISTENCY GOVERNANCE



Neville Paul
Customer

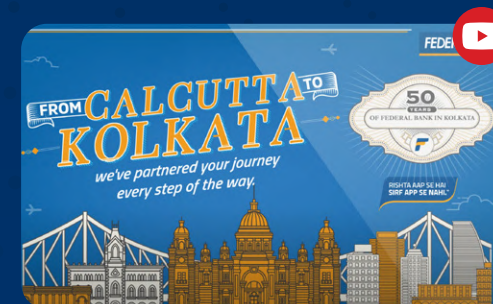
50 years of trust and partnership

"Greetings from Saffroys, I am Neville Paul. I want to congratulate Federal Bank for reaching the milestone of being in Kolkata for last 50 years. I am proud to say that my father was the second account holder of Federal Bank in Kolkata.

During this time that we have been associated with Federal Bank, we have got the utmost support from the Bank at our lows, and we look forward to being with Federal Bank during the years ahead – both lows and the highs – for both my generation and the next generation!"

These are the kind of relations we have built that enable us to achieve our best year after year."

-Federal Bank



Message from the Chairman



A Brighter Future in Banking

Dear Stakeholders,

It is my privilege to present to you the Federal Bank Annual Report FY 2023-24, which marks our first integrated report.

Reflecting on the past year, the Indian economy achieved robust growth in FY 2023-24, expanding by 8.2%, surpassing the previous year's 7% growth. This remarkable performance showcases a strong post-pandemic recovery and resilience. Consumer expenditure also grew notably, fueled by an increasing number of middle-to-high-income households. This has led to heightened demand for luxury goods and services, a relatively new phenomenon in India. Our per capita income saw a significant increase, reflecting the nation's economic vitality. Although the closing quarter showed a moderate slowdown with GDP growth at 7.8%, the overall trajectory remains robust and promising. Agricultural performance is expected to flourish due to favorable monsoons, contributing positively to the economic outlook. The fiscal deficit was effectively managed, coming in lower than projected at 5.6% of GDP, supported by higher-than-expected net tax receipts and continued record infrastructure spending. This prudent fiscal management underscores the government's commitment to economic stability and growth. Considering all these factors, I believe the Indian economy is set to expand and soar, poised for continued success and prosperity.

EXPANDING R.E.A.C.H

Mirroring India's growth, our ambitions swell, and this year's Annual Report is a testament to our drive for expansion and scale. With the fiscal year's addition of 141 new banking outlets, our network has grown to a robust 1,504 banking outlets across the nation, a testament to our journey toward becoming the most admired Bank. Our reachability, bolstered by significant branch expansion and technological advancements, has made Federal Bank's presence more accessible and widespread than ever before. By expanding our reach, we have brought Federal Bank closer to our customers, enhancing accessibility and ensuring our services are within easy reach for all.

1,504

Robust Banking Outlets across Nation

PERFORMANCE HIGHLIGHTS FOR FY24

Federal Bank's commitment to expanding its reach and enhancing its services is evident in its performance over the past fiscal year. The Bank has achieved significant milestones across various financial metrics. Our total business grew substantially, reaching ₹ 461,937 Crore, with net profit soaring to the highest-ever at ₹ 3,721 Crore, marking a growth of 23.58%. The operating profit stood at ₹ 5,174 Crore, and we maintained robust asset quality with GNPA and NNPA at 2.13% and 0.60%, respectively. Total deposits and net advances saw impressive increases of 18.35% and 20.04%, respectively. Our net interest income reached a new high of ₹ 8,293 Crore, growing by 14.68%. These achievements underscore Federal Bank's strong operational efficiency and strategic initiatives that have propelled its growth trajectory.

OUR RISHTA WITH TECHNOLOGY

We are in an era of rapid growth and expansion, with technology, particularly artificial intelligence, playing an increasingly crucial role. FY 2023-24 was a landmark year, witnessing the transformative power of AI. Once confined to science fiction, AI has now become an integral part of everyday life, from writing articles and summarising notes to creating artworks and more. At Federal Bank, we have always believed in the power of technology to transform lives. We have been actively researching and exploring ways to harness AI's potential to better serve our customers. With this in mind, Federal Bank has implemented technology and AI in multiple ways to enhance and customise customer interactions, providing an experience that goes beyond traditional norms.



At Federal Bank, we have always believed in the power of technology to transform lives. We have been actively researching and exploring ways to harness AI's potential to better serve our customers. With this in mind, Federal Bank has implemented technology and AI in multiple ways to enhance and customise customer interactions, providing an experience that goes beyond traditional norms."

ADVANCEMENTS IN AI

Our AI-powered chatbot, 'Feddy,' provides 24/7 resolutions for queries that require immediate solutions and has handled around 73% of queries, freeing up manpower for more complex tasks. When additional support is needed, Feddy swiftly connects customers to Bank's agents, ensuring a pleasant experience. We have also recognised the need to provide customised product and service offerings, as every customer's requirements are unique. Sophisticated algorithms evaluate customers' creditworthiness, allowing us to present tailored loan offerings. Transitioning between various pages of our website, opening accounts or fixed deposits, and obtaining credit cards can be done with just a few clicks. AI interfaces have enhanced the overall experience for customers, making our website easy to navigate and enabling seamless transactions online or via our mobile application. This has undoubtedly improved the banking experience for our customers.

Through constant innovation and conscious design, the digital share of the Bank has crossed the landmark figure of 94%. We have also launched the Central Bank Digital Currency app after RBI empanelled our Bank to be part of the Digital Rupee Framework. Many experiments are being conducted across the Bank to understand the best way to move forward with AI and other new-age technologies, leading India to Amrit Kaal and Federal Bank to be the Most Admired Bank in India.

94%+

Share of Digital Transactions

Message from the Chairman



We follow ESG policies and with IFC support, have targets to increase sustainable lending. By incorporating ESG in letter and spirit, the Bank has been striving to construct more green buildings, use solar for power generation, and recycle wastewater. When we say ESG focus, it is not just the 'E' that is highlighted; the Social and Governance aspects are given equal importance."

COMMITMENT TO ESG

India's growth story is closely watched by the entire world. Federal Bank, mirroring India's growth, is equally responsible for representing India by adopting the best global practices that benefit the institution, stakeholders, and the environment. With this guiding principle, Federal Bank has made concerted strides in becoming an ESG-compliant institution. Our efforts have been recognised through many awards, and it is a matter of pride that the World Bank has also taken notice and invested significantly in us. By focusing on the development of not just financial capital but also human capital, social capital, intellectual capital, and natural capital, we strive to take small steps for each individual but giant leaps for the institution. We follow ESG policies and with IFC support, have targets to increase sustainable lending. By incorporating ESG in letter and spirit, the Bank has been striving to construct more green buildings, use solar for power generation, and recycle wastewater. When we say ESG focus, it is not just the 'E' that is highlighted; the Social and Governance aspects are given equal importance.

Recently, on Women's Day, we proudly announced through a national daily ad, that 42.28% of the Federal Workforce is women. This ever-increasing workforce ensures that gender diversity becomes an ingrained value in the institution. Our commitment to governance standards has been a cornerstone of our operations. The priority of protecting depositors' money and ensuring a robust financial sector for the country is continuously emphasised by regulators. Governance and stability are top priorities for the Board, underpinning our objective of growing within the guardrails of risk and compliance. The Board has focused on ensuring competency and independence to contribute objectively and responsibly towards the Bank's progress. Quality discussions, information sharing at the Board level, and transparency in the Bank's disclosures remain a priority. With a commitment to the highest levels of corporate governance, the Board continuously strengthens various policies and frameworks, maintaining oversight over risk management, audit, and compliance through various Committees. The Board ensures that the assurance functions have adequate independence and stature to establish values and culture integral to sustainable banking.

EMPOWERING COMMUNITIES

Through concerted CSR efforts, the institution has been able to give back to society with various initiatives such as Skill Academies, which have been churning out an employable workforce across geographies, and Sanjeevani, a cancer screening awareness and patient support programme, among many others. The Bank has also done significant work in the field of sustainability through the clean Mookkannur project. This initiative aims to transform the village into a model of sustainability, aligning with the UNSDG for Sustainable Cities and Communities. The comprehensive

plan involves Waste Management, Tree Plantation, and Community Development, alongside promoting Renewable Energy, to foster a clean and green village environment.

IGNITED MINDS

The year 2024 is significant globally, with at least 64 countries engaging in electoral processes, which will undoubtedly have economic implications worldwide. Our nation recently concluded its democratic exercise, maintaining its position as a magnet for global investments. In my message last year, I spoke of the 'Ignited India' story. Today, that fire burns even brighter, fueled by the collective efforts of our dedicated team.

I take this opportunity to express my deepest gratitude to our MD & CEO, Mr. Shyam Srinivasan, for steering Federal Bank's remarkable journey over the past 14 years. Shyam's dedication, perseverance, and innovative thinking have been the catalysts in transforming the Bank into one of the country's premier financial institutions. On behalf of everyone at the Bank, I extend our heartfelt thanks to Shyam for establishing Federal on foundations of strength and transparency. His visionary leadership has united a diverse and motivated team and developed a cutting-edge, innovative infrastructure that stands as a testament to his exceptional guidance.

I am also pleased to congratulate Mr. KVS Manian, who has been appointed as the new MD & CEO of Federal Bank. I am confident that under Mr. Manian's capable leadership, the Bank will reach new heights of success and continue its legacy of excellence.

A special thank you to my fellow Board Members, whose unparalleled expertise and diverse perspectives have elevated the Bank to new heights. Our senior leadership is second to none, guiding every member of the Federal family by exemplifying the highest standards of excellence. I would like to congratulate our MD & CEO Shyam Srinivasan for 14 years of dedicated pursuit of perfection.

I extend my heartfelt gratitude to all the 'ignited minds' that guide our Bank. Their relentless pursuit



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of excellence continues to set higher benchmarks, propelling us closer to our goal of becoming the Most Admired Bank. Reflecting once more on my message from last year, I emphasised the power of leveraging the 4 Ds - Data, Digitalisation, Distribution, and Depth of Relationship. I firmly believe that the culmination of these efforts is another D - Development. This development encompasses all our stakeholders, including the nation. As we strive towards becoming the Most Admired Bank, we significantly contribute to the broader 'India Story.'

On behalf of the entire Board, I extend our sincere thanks to all stakeholders for your continued support. We hope that you will continue to stand by us with the same level of commitment in the years to come. Together, let us make the vision of becoming the Most Admired Bank a reality.

With best wishes,

A P Hota
Chairman

Message from the MD & CEO



Dear Shareholders,

As I sit down to write this letter, my last one as the MD of this fantastic franchise, I am filled with both gratitude and pride. I can't help but cast my mind back to my first letter, fourteen years ago. In that note, I had promised - "As I settle into my role, I am confident that our cherished dream of making our bank, one that delivers quality and consistency in results, exceeds customer expectations, rewards stakeholders profusely, and makes its competitors feel that here is a bank worth reckoning will be a reality not far from now."

Today, I am reasonably reassured that we have worked very hard as a team to remain true to that statement. The Bank has consistently delivered record profits. We have built a strong edifice poised to further accelerate and become the **Most Admired Bank (MAB)**. Many have often asked me what Most Admired Bank means and how it is measured?



To my mind, **MAB** is always about the pursuit of excellence. And we all know that in the race to excellence, there is no finish line—there are only milestones. We have certainly accomplished several significant milestones over the years. Business and profit have grown well over seven times in the last fourteen years, ensuring that we have constantly gained market share across India. We have stayed true to our purpose, dominating our home market and increasing our prominence across the country. The theme of this year's Annual Report, **R.E.A.C.H**, sets the tone for how we will scale up and ensure that we become a household name across India.

This, I believe is well within our grasp."

TRANSFORMATIVE DECADE

In a recent report by a multinational brokerage, our Bank was called out as a "decadal opportunity." Inspired by this, let me do some future gazing about the country, the industry, and the Bank.

Over the next decade, India is projected to become a ten trillion dollar-plus economy with a per capita income of around US\$ 6,000, driven by a high GDP growth rate. Positive economic sentiment is reflected in stock market highs, record demat account openings, and strong retail investor participation. Sound macroeconomic fundamentals have ensured that the Indian Rupee was among the best performing currencies among Asian peers thereby attracting foreign investment.

Digital public infrastructure has enabled financial inclusion through platforms like Aadhaar, UPI, and Digi Locker. Government investments in physical and digital infrastructure, along with "Make in India" and Production Linked Incentives, are transforming India into a global manufacturing hub. Reforms like the Insolvency and Bankruptcy Code and Banking Regulation Act amendments have strengthened the Banking sector.

Looking ahead, India's financial sector is set to transform further with artificial intelligence, machine learning, and decentralised finance. This will contribute to a competitive Banking sector, universal access to financial services, and efficient capital markets. The Banking sector stands at the forefront of catalysing economic growth, ensuring financial stability, and promoting inclusive development.

Federal Bank's **R.E.A.C.H** strategy capitalises on India's burgeoning economy, marked by increased income, infrastructural growth, rapid urbanisation, and evolving

Banking practices. This forward-thinking approach involves expanding the Bank's services and presence both digitally and physically. In the last fiscal year, our network flourished with 141 new banking outlets augmenting our digital framework to establish a pan-India presence. The strategy aligns with the '**More Federal per Federal**' initiative, aiming to increase efficiency and extend reach, with the ultimate goal of competing with top private sector Banks. It also supports a robust retail franchise by offering innovative products and comprehensive Banking solutions. As India progresses towards a developed nation, Federal Bank's growth is intertwined with the country's advancement, striving to be the most admired Bank and positively impacting society.

HUMAN AT THE CORE

Humanity and sustainability are central to our corporate ethos, as being admired goes beyond numbers. Our flagship Sanjeevani campaign has supported nearly 3000 cancer patients, demonstrating our commitment to health and well-being. We have empowered communities by supporting women's self-employment in Shillong, conducting education-based empowerment programmes in Chitradurga, and offering training for women in Ranchi. The Clean Mookkannur project is an ambitious initiative aimed at transforming the village into a model of sustainability. The project's goals include full digitisation, promoting green practices, utilising renewable energy, and implementing effective waste management. The vision is to elevate Mookkannur to the esteemed status of Indore, renowned for its cleanliness and sustainable living standards.

We support municipalities with solar streetlights, organic farming, and solid waste management. Our Grow Green Project yielded over 15,000 kgs of vegetables across Kerala. Our efforts in digitisation include providing support in the form of e-rent collection platforms for enhancing administrative efficiency of municipalities. We help build sporting infrastructure and support football clubs like Kochi City FC and Sree Gokulam FC, promoting health and sports in the community.

Through all these Federal Bank has consistently showcased its commitment to societal growth and financial stability. Our comprehensive projects and initiatives are a testament to our dedication to enriching the communities we serve. This steadfast commitment has garnered recognition from esteemed institutions like World Bank, culminating in a significant investment by IFC, making it one of our largest Shareholders.



Embodying our **C.A.R.E.S'** framework*, we relentlessly pursue operational excellence, underpinned by robust governance and risk management practices. Sustainability is woven into the fabric of our operations, a commitment we proudly articulate through our adherence to both national and international sustainability frameworks. Our progress is a narrative of continuous improvement and transparent communication of our sustainability milestones. Our integrated reporting aligns with the International Integrated Reporting Council's framework, combining financial and non-financial reporting."

As we forge ahead with our sustainability journey, we are guided by the ethos of '**Digital at the Fore, Human at the Core.**' This principle ensures that our digital strides are complemented by a human touch, reflecting our belief that technology should enhance, not replace, the human element in Banking. Our initiatives have yielded measurable impacts, from community development projects that uplift local economies to environmental efforts that significantly reduce our carbon footprint. Moreover, our digital Banking advancements have tangibly improved customer experiences, reinforcing our position as a Bank that truly cares. This commitment has earned us significant recognition, including being named 'ESG Champions of India 2024' at the Dun & Bradstreet ESG Leadership Summit, receiving the 'Amity Banking Excellence for Sustainable Banking' award, and being recognised by IFC among the top financial institutions for climate reporting in 2023.

ASSET QUALITY AND FINANCIAL PERFORMANCE

Federal Bank has demonstrated a remarkable performance in the last fiscal year, showcasing robust business growth and exceptional asset quality. The Bank's GNPA and NNPA have been maintained at commendable levels. Over the past four quarters, the GNPA has not exceeded 2.38%, and the NNPA has remained below 0.69%. The Provision Coverage Ratio (PCR) has been increased to 71%, reflecting the Bank's strong risk management and credit underwriting standards.

The ROA for the fiscal year was a solid 1.32%, indicating efficient asset utilisation and profitability. The Annual Profit reached ₹ 3,721 crore, with a notable increase in the share of high-yielding retail advances to 24.6% from 21.8% (Y-o-Y),

*C.A.R.E.S- Value System of the Bank
C- Commitment to Excellence | A-Agility | R- Relationship Orientation | E- Ethics | S- Sustainability

Message from the MD & CEO

aligning with the strategic focus on profitable growth segments.

The Net Worth of Federal Bank as of March 31, 2024, is ₹ 29,089 crore, up significantly from ₹ 21,419 crore on March 31, 2023.

The Bank's consistent growth trajectory is bolstered by its refined credit underwriting expertise, which, coupled with benign asset quality and robust business expansion, has laid the foundation for sustained growth across various market cycles. These financial metrics not only demonstrate Federal Bank's strong performance but also our commitment to delivering value to our Stakeholders while maintaining a prudent approach to growth and risk management. Our focus on being an NPS (Nimble, Passionate, and Sharp) Bank continues to drive our success, ensuring we remain at the forefront of India's Banking sector.

NIMBLE. PASSIONATE. SHARP

Federal Bank has always been committed to achieving measurable outcomes, with our processes meticulously crafted to reflect this principle. The Net Promoter Score (NPS) stands as one of the most telling indicators of our brand's performance, and we accord it the importance it deserves. Our senior leadership's KRAs are intricately designed to secure a commendable NPS for the Bank. When we speak of NPS, it resonates with our aspiration to be a Bank that is nimble in action, passionate in pursuit of our vision, and sharp in ensuring operational excellence. These attributes are not just buzzwords but are the very essence of our ethos, propelling us to consistently exceed benchmarks and solidify our status as a customer-centric Bank.

KICKSTARTING THE AI AGE

Our Bank is pioneering the integration of artificial intelligence in Banking, setting benchmarks

with its innovative use of AI and other new-age technologies to advance penetration, protection, productivity, and performance. This transformative approach heralds an era of heightened efficiency and a deepened commitment to customer centricity. We harness the power of AI, Machine Learning, and Blockchain to provide real-time personalised services, enhance customer engagement, and extend our market reach. Our Anti-Money Laundering defences are fortified with AI and robotic process automation, keeping pace with the evolving nature of financial crimes.

A prime example of our AI application is the vigilant inspection of offsite ATMs. An AI engine continuously analyses CCTV footage against a set of prime conditions, promptly notifying our team of any anomalies, thereby maintaining the security and functionality of our ATM network.

In our talent acquisition, AI has been instrumental in ensuring a thorough and unbiased evaluation of candidates, while Augmented Reality and Virtual Reality technologies have revolutionised employee training, enhanced learning outcomes and productivity.

Moreover, our Federal Hive division exemplifies our proactive stance in reputation management. This AI-driven system meticulously monitors social media for mentions of the Bank, with any detected negative sentiment triggering an immediate response from our team to address and resolve the issue.

Federal Bank's embrace of AI and other cutting-edge technologies underscore our commitment to innovation, security, and customer satisfaction, positioning us as a leader in the Banking industry and a champion of the digital age. A staggering 94% of our transactions are now conducted digitally,

supported by a network of 400+ APIs. Our unique QR codes have revolutionised payments for over 5.1 Million merchants. Feddy, our AI chatbot, has significantly enhanced operational efficiency by adeptly handling over 1.2 Million queries across various platforms. Our portfolio boasts pioneering products like UPI for NRIs, e-BG, sound box, career book, collect pro, and the soon-to-be-launched Smile Pay™, which utilises facial recognition for payment processing, possibly the first product of its kind.



We executed the first digital cross-border trade transaction through blockchain and have partnered with various fintech platforms for digital loans and credit cards. By simplifying processes and leveraging technology, such as credit card applications through WhatsApp, enabling fund transfers, mobile recharges, and cheque requests through conversational Banking with our AI bot Feddy, we have redefined Banking convenience. Our 'Bus as a Platform' initiative and the CBDC scan and pay functionality, which works in sync with UPI, are testaments to our innovative spirit and digital prowess. While Federal Bank is one of the oldest financial institutions in the country, we are also a "Young Bank," thanks to our technology and the forward-thinking mindset that is inculcated in our employees."

YOUTH THAT BANKS ON US

Over the past decade, the average age of India has risen, yet the average age at Federal Bank has decreased to the mid-30s from the mid-40s, reflecting our youthful vigour not only in age but also in mindset. Our employees embody the spirit of 'nayi soch' - a philosophy that encourages thinking differently and devising unique solutions. This youthful dynamism translates into an enhanced ability to connect with the aspirations of India's youth,

leading to the creation of innovative products like Stellar and Eve plus, designed by and for the young India, addressing their specific needs.

While the Banking industry is facing high attrition challenges, Federal Bank has maintained a remarkable sub 4% attrition rate within our system. This low attrition rate, along with our recognition by the Great Place to Work® Institute as one of the Best Workplaces for Women™ and Millennials™ in 2023, underscores our commitment to nurturing a young and dynamic workforce. Our workforce is not only young in age but also in diversity, with 42% being women, many of whom are in leadership positions. This dedication to gender diversity and empowering female leadership ensures an inclusive and supportive environment for all our employees. As the average age of the Bank decreases, the institution is becoming increasingly mature and it is essential that I reflect on the past, which has paved way for the Bank as it exists today.

ODE TO THE PAST

Reflecting on our storied past, Federal Bank's journey is a testament to strategic foresight and steadfast dedication. Our evolution from a regional entity to a national Banking powerhouse is marked by pivotal milestones and deliberate choices. The establishment of a comprehensive business architecture and the redefinition of business verticals have been instrumental in adopting a hybrid distribution framework, fortifying credit underwriting, and ensuring robust risk management.

The inception of the "Digital Centre of Excellence" in 2015 catalysed the creation of groundbreaking products like FedBook, Lotza, and BYOM, which have significantly enhanced customer experience and operational efficiency. Our dedicated

verticals for credit, market, and operational risks, supported by a robust credit management framework, have guaranteed sustainable growth and the trust of our stakeholders. The elevation of our compliance department has ingrained a culture of regulatory adherence, while detailed analysis and real-time monitoring have bolstered operational and market risk management. Our approach to credit underwriting and monitoring has matured with a centralised methodology and specialised hubs, leveraging advanced models and digital underwriting.

Our internal audit and governance have transitioned to risk-based audits with standardised and automated processes. Our significant focus on digital Banking and innovation in products and services has revolutionised customer experiences. Our strategy is reinforced by our subsidiaries and associates, including Federal Operations and Services Limited, FedBank Financial Services Limited, Ageas Federal Life Insurance Company Limited, and Equirus Capital Private Limited, laying a solid foundation for continued growth and capability building.

UMBRELLA OF TRUST AND SUPPORT

Under the umbrella of trust and support offered by our esteemed Board Members, my past fourteen years at Federal Bank have been a journey marked by growth, challenges, and triumphs, for which I am immensely grateful. I am optimistic about Federal Bank's future under the Board's capable guidance. To our shareholders, whose faith in our vision has been crucial, your support has uplifted our pursuits and elevated us to new heights. To our valued customers, whose trust and patronage motivate our pursuit of excellence, you are the core of our endeavours. Our

partners, essential to our journey, have provided the necessary tools and support to excel in our services.



My deepest gratitude goes out to our senior management team, whose collaborative and engaged leadership has been instrumental in charting the course for Federal Bank's future. To our devoted employees, your dedication and tireless efforts are the bedrock of our success. You are the true architects of our Bank's achievements, and without your contributions, none of our progress would have been possible. You have been the pillar of support that I have relied upon for the past 14 years. Thank you!"

I am pleased to welcome Mr. Krishnan Venkat Subramanian, who will take over as the MD&CEO in September, when I complete my term. Mr Manian, a very accomplished and seasoned Banker, I am sure will build on this strong platform and take Federal Bank to newer heights in the years ahead, I wish you all the best.

As I sign off after fourteen years, I am proud of the legacy we have built together—a legacy of resilience, innovation, and commitment to our customers and the community. I am confident I leave behind a Bank that is not only financially robust but also rich in values and ethos.

THANK YOU

all for allowing me to be part of this incredible journey.

Keep soaring, keep shining, and may the force be with you!

Regards,

Shyam Srinivasan
Managing Director &
Chief Executive Officer

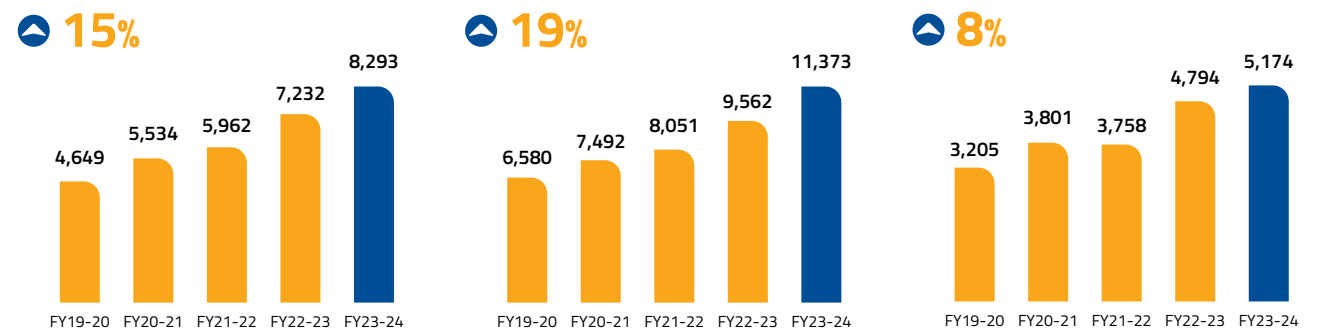
Financial Performance

Consistency in Action

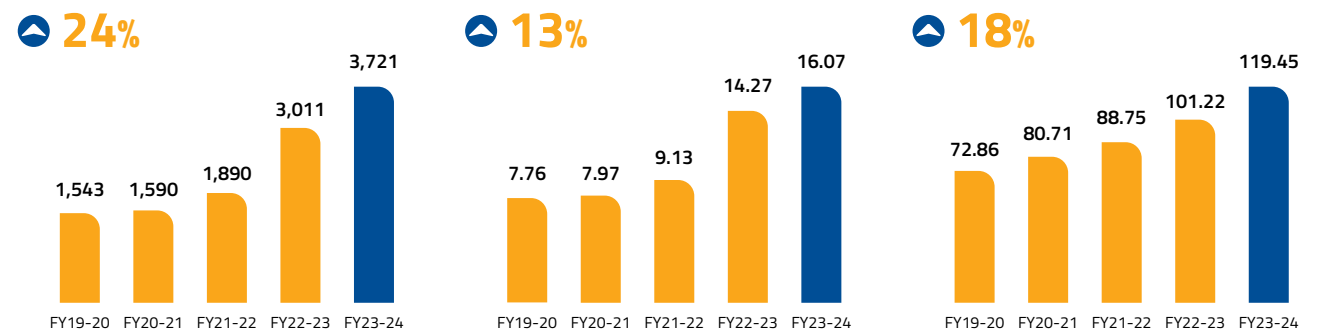
We aim to create long-term sustainable value for stakeholders. This was another year of customer-centric performance and consistent growth, and we are confident about maintaining this momentum through business cycles.

Key Parameters

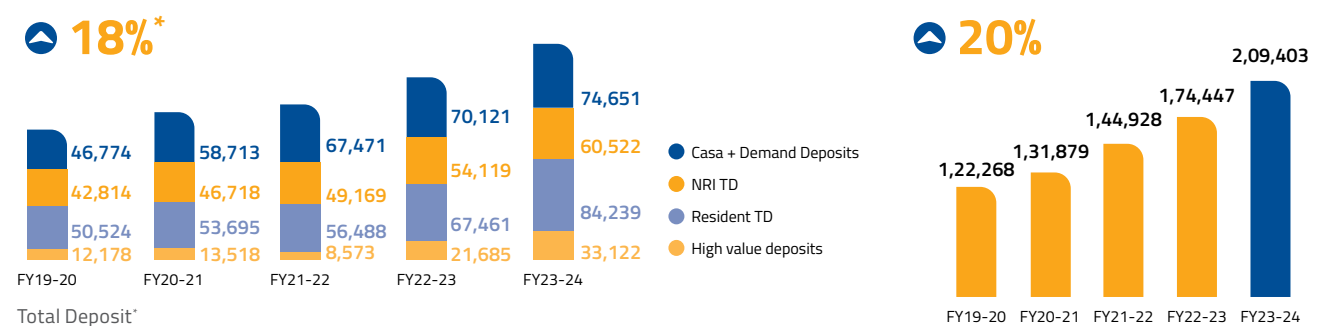
Net Interest Income (₹ in Crore) **Net Total Income** (₹ in Crore) **Operating Profit** (₹ in Crore)



Net Profit (₹ in Crore) **Earnings Per Share (Basic)** (₹) **Book Value Per Share** (₹)



Deposits (₹ in Crore) **Net Advances** (₹ in Crore)

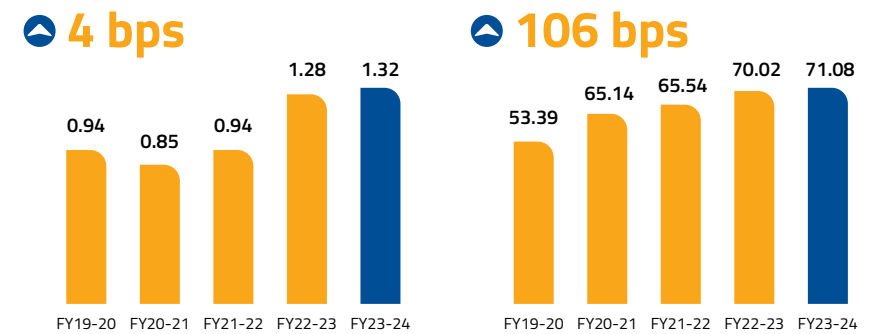


Y-o-Y Growth

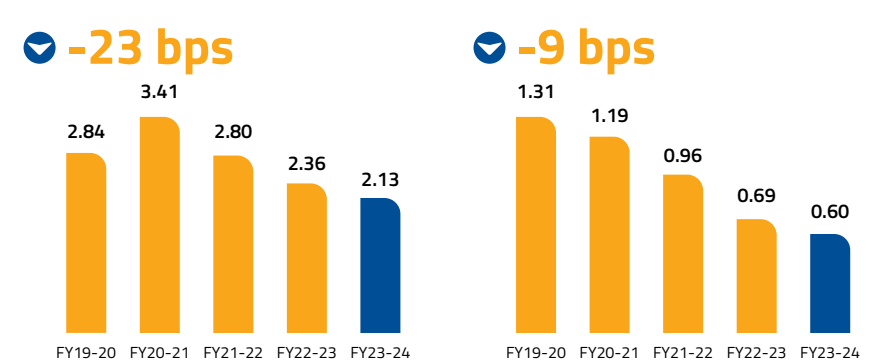


Key Ratios

RoA (%) **Provision Coverage Ratio*** (%)

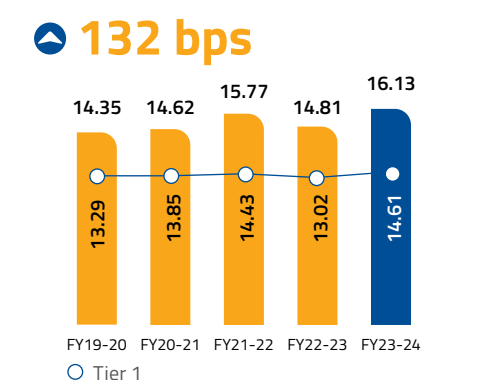


Gross NPA (%) **Net NPA** (%)



*PCR excluding TWO

Capital Adequacy Ratio and Tier 1 Capital (%)



Retail Banking performance

Data Driven. People Focused.

As a strong, relationship-led organisation, we specialise in offering tailored solutions to corporates, MSMEs, and capital market clients across the value chain. We aspire to be a banker first before being a lender.

Performance Highlights

3.3 Million

Current/Savings Accounts
Opened

₹ 3,442 Crore

CV/CE Advances
▲ 57%

₹ 17,073 Crore

Business Banking Advances
▲ 21%

₹ 67,435 Crore

Retail Advances
▲ 20%

₹ 25,226 Crore

Gold Loans
▲ 27%

₹ 2,52,534 Crore

Deposits
▲ 18%

₹ 28,097 Crore

Agri Advances
▲ 28%

₹ 3,447 Crore

MFI
▲ 141%

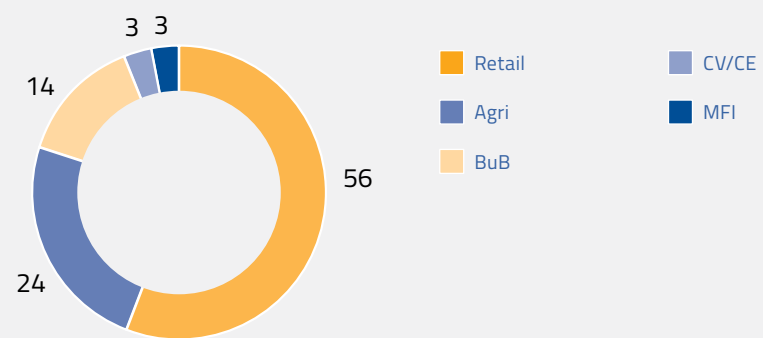
₹ 1,19,493 Crore

Retail Credit Book
▲ 25%

PERFORMANCE REVIEW

As we expanded our presence across the country, we reached more number of people and achieved progress in customer acquisitions and growth in the retail business.

Retail Credit Book Mix (%)



Credit segments are realigned at the beginning of every FY.

▲ Y-o-Y Growth

Deposit Mobilisation and CASA

Despite fierce competition, our Bank's deposits grew by 18.35%, surpassing the industry's growth rate of 13.47%*. Our market share in deposits grew 5 bps Y-o-Y. Although CASA deposits showed a growth of 6.4% Y-o-Y overall CASA ratio decreased 330 bps to 29.38%

*Industry position as on March 22, 2024

NRI Business

Despite changes in migration and settlement patterns impacting the industry, we maintained our significant presence in the Non-Resident (NR) business, achieving an 8.16% growth in FY 2023-24.

Assets under Management and Insurance Business

The Assets Under Management (AUM) in our Wealth Management Services (WMS) partnership have surpassed ₹ 5,000 Crore as of March 31, 2024, up from ₹ 3,000 Crore as of March 31, 2023. The bank has achieved a fee income of ₹ 180.69 Crore through the distribution of insurance and para-banking products. The Bank partnered with Cholamandalam MS General Insurance Co Ltd under Bancassurance arrangement for providing insurance exclusively for CV/CE Business.

ACHIEVEMENTS

- ₹ 2.5 Lakh credit card in force achieved in March 2024, with spending on credit cards doubling to ₹ 360 Crore at the same time.
- The Housing Loan portfolio crossed ₹ 28,000 Crore, registering a growth of 12%, the Retail LAP portfolio crossed ₹ 11,700 Crore, registering a growth of 18%, and the Auto Loan portfolio grew by 34%, crossing ₹ 7,300 Crore in book size.

Stellar

The Bank launched the STELLAR savings account, targeting resident individuals. This account includes a one-year wellness pack and complimentary insurance. Within two months of its February launch, 17,000 new customers opened STELLAR accounts.

NRE Eve+

On 20th July 2023, the Bank introduced NRE Eve+, an exclusive savings account for NRI women. Benefits include complimentary airport lounge access, exclusive deals, and zero balance accounts for two children. By 31st March 2024, NRE Eve+ had 11,000 accounts, attracting over 4,200 new customers.

Shreni - Institutional Savings & Current Accounts

In March 2024, the Bank launched Shreni Accounts for institutional clients, including Current Account, Premium Savings, and Premium Current variants for Trusts, Associations, Societies, and Clubs.

Inward Remittance

In FY 2023-24, the Bank facilitated over ₹1,80,000 Crore in inward remittance through Rupee Drawing Arrangement and partnered with five new remittance companies, including a major bank in Oman.



Empowering the Fishermen of Nagercoil

Nagercoil, a small village in the Kanyakumari district, relies on fishing as its primary occupation. Fishermen there face significant challenges. Federal Bank, in collaboration with Coastal Development Group, aimed to support this unorganised sector by offering credit to fishermen and related businesses. Within six months, loans were provided

to 700 group members, each receiving ₹ 6 Lakh per Self Help Group. These loans addressed various needs, including repaying high-interest loans, marriage expenses, and children's education. The fishermen's excellent repayment record highlights their financial responsibility. This initiative empowered individuals, strengthened the local economy, and transformed Nagercoil's financial and social landscape.

7,500
Beneficiaries

₹ 28 Crore+
Total Funding Disbursed

440
Self Help Groups

Wholesale Banking Performance

A Commitment to Excellence

As a strong, relationship-led organisation, we specialise in offering tailored solutions to corporates, MSMEs, and capital market clients across the value chain.

Performance Highlights

<p>185 New Clients Added to CIB</p>	<p>317 New Clients Added to COB</p>	<p>1,600 New Clients Onboarded over the Last Three Financial Years</p>
<p>₹ 95,083 Crore Wholesale Credit Book ▲ 15%</p>	<p>₹ 73,596 Crore Corporate Banking Advances ▲ 12%</p>	<p>₹ 21,487 Crore Commercial Banking Advances ▲ 27%</p>
<p>₹ 7,125 Crore SCF Business ▲ 119%</p>	<p>₹ 512 Crore Fee Income ▲ 28%</p>	<p>₹ 12,236 Crore GIB Business ▲ 141%</p>

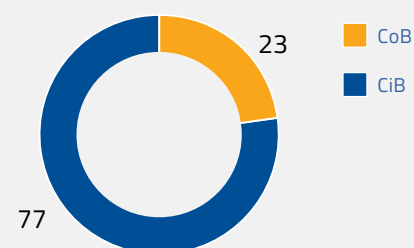
▲ Y-o-Y Growth

Credit segments are realigned at the beginning of every FY. Vertical-wise advance figures do not account for sale via IBPC

PERFORMANCE REVIEW

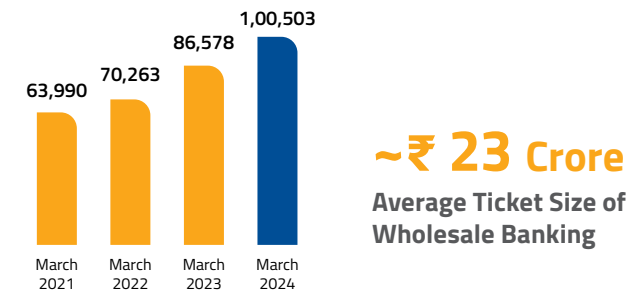
Our strategic focus has been to achieve better coverage and become the preferred financial partner to corporates across India.

Wholesale Credit Book Mix (%)



Our Bank's approach has been to strengthen our presence through the entire lifecycle of clients. The Wholesale Banking vertical also offers products in trade, treasury, transaction banking and supply chain finance. Three-year CAGR of wholesale banking total assets have been 16%.

Wholesale Banking Total Assets (₹ in Crore)



~₹ 23 Crore
Average Ticket Size of Wholesale Banking

Supply Chain Finance (SCF)

SCF is a key growth driver of the Wholesale Banking division. Our robust supply chain platform provides end to end digital solution for corporate ecosystem and thus eliminates need for paper-based processes. In the last three years, the SCF book has grown from ₹ 1,420 Crore to ₹ 7,134 Crore in FY 2023-24 at a CAGR of 71.3%. This vertical also started facilitating structured long-term factoring programmes and more than 43% of the book (excluding factoring) qualifies for PSL (Priority Sector Lending) benefit.

Capital Market

The capital markets segment offers facilities for debt and equity market clients. It offers bespoke solutions and advisory services to its clients, especially in the debt market.

ACHIEVEMENTS

- Wholesale Banking has achieved a significant milestone of ₹ 1 Trillion asset book.
- The self-funding ratio improved by 3% during the year to 32%.
- Fee-to-average assets ratio stood at 57 bps versus 54 bps in the previous year.
- Being at the forefront of providing innovative solutions to the client's requirements, we have started offering digital cross-border trade transactions through blockchain, thereby reducing the working capital cycle and cost significantly for our clients dealing in exports/imports.
- We were amongst the Banks to participate in the first-ever large value syndicated factoring programme ever done in India.
- We have inked an MOU with 3 large OEMs across various sectors (Auto, Metal and Construction) for Channel Finance arrangement as one of their preferred financiers. This will help us work in developing a granular book with a higher yield.



Wholesale Banking: Helping Auto Ancillary Company Grow

About seven years back, we got in touch with an auto ancillary Company. It had small scale of operations with ~₹180 Crore topline and 7% EBITDA margins and BBB- credit rating. Our analysis depicted that Company had robust financial foundation and promising business prospects. Based on a thorough appraisal, we finally onboarded them in 2019, with a structured product for their newly added export client. Currently, the Company holds an A credit rating, a massive 4 rating upgrade in 5 years. It has grown its topline 4x with 2.5x expansion in EBITDA margins from our entry point. We are proud to say that we are the primary Banker to the Company with the majority of exports routed through us.

4
Rating Upgrade in 5 years

4 x
Topline Growth

STAKEHOLDERS ETHOS RESPECT
 VALUE VISION
 STRATEGIC PRIORITIES
 MISSION
 SUSTAINABLE PRACTICES
 MATERIALITY
 RISK MANAGEMENT TRANSPARENCY OPPORTUNITIES RELATIONSHIPS ENGAGEMENT
 TRENDS

TURNING PROMISE INTO PERFORMANCE



FATF Recognition: Collaborating for a Safer Financial System

The Financial Action Task Force (FATF) leads global action to tackle money laundering, terrorist and proliferation financing. The FATF promotes global standards to mitigate the risks, and assesses whether countries are taking effective action. A meeting was convened by the Assessment Team of FATF at Mumbai in November 2023. The FATF delegation to India was led by Central Bank of Brazil and other member countries viz. South Africa, the UK, the US and Japan. This is a once-in-a-decade evaluation where select banks are chosen by the Ministry of Finance

(Dept of Revenue) and RBI to interact with the Assessors based on its effectiveness in demonstrating capabilities, structuring the framework and operational measures after several rounds of filtering. We are proud that our Bank was chosen along with four other Banks to represent the country.

This shows that our strategic priorities and sustainable business practices lead to the creation of value for all our stakeholders, including investors, customers, employees, partners, communities and government and regulatory authorities.

Value Creation Approach

Building Relationships, Delivering Value

Shareholders and Investors

Customers

Employees

Vendors, Suppliers and Service Providers

Ecosystem and Society

Government and Regulatory Bodies

Input

Financial Capital

₹ 2,52,534 Crore
Total Deposits

₹ 29,094 Crore
Shareholders' Funds

₹ 18,026 Crore
Borrowings

Human Capital

₹ 2,823.09 Crore
Employee Cost

25
Number of States/UT Hired from

5.5 days
Average Training Duration per Employee

Social and Relationship Capital

₹ 68,114.16 Crore
Total Priority Sector Lending

₹ 60.67 Crore*
CSR Expenditure
*Includes the amount of ₹ 13.46 Crore spent during the year from the Unspent CSR Account of FY 2022-23

Intellectual Capital

₹ 663.7 Crore
Spend on Technology

75+
No of Fintech Partnerships

Natural Capital

142,626.11 GJ
Total Electricity consumption

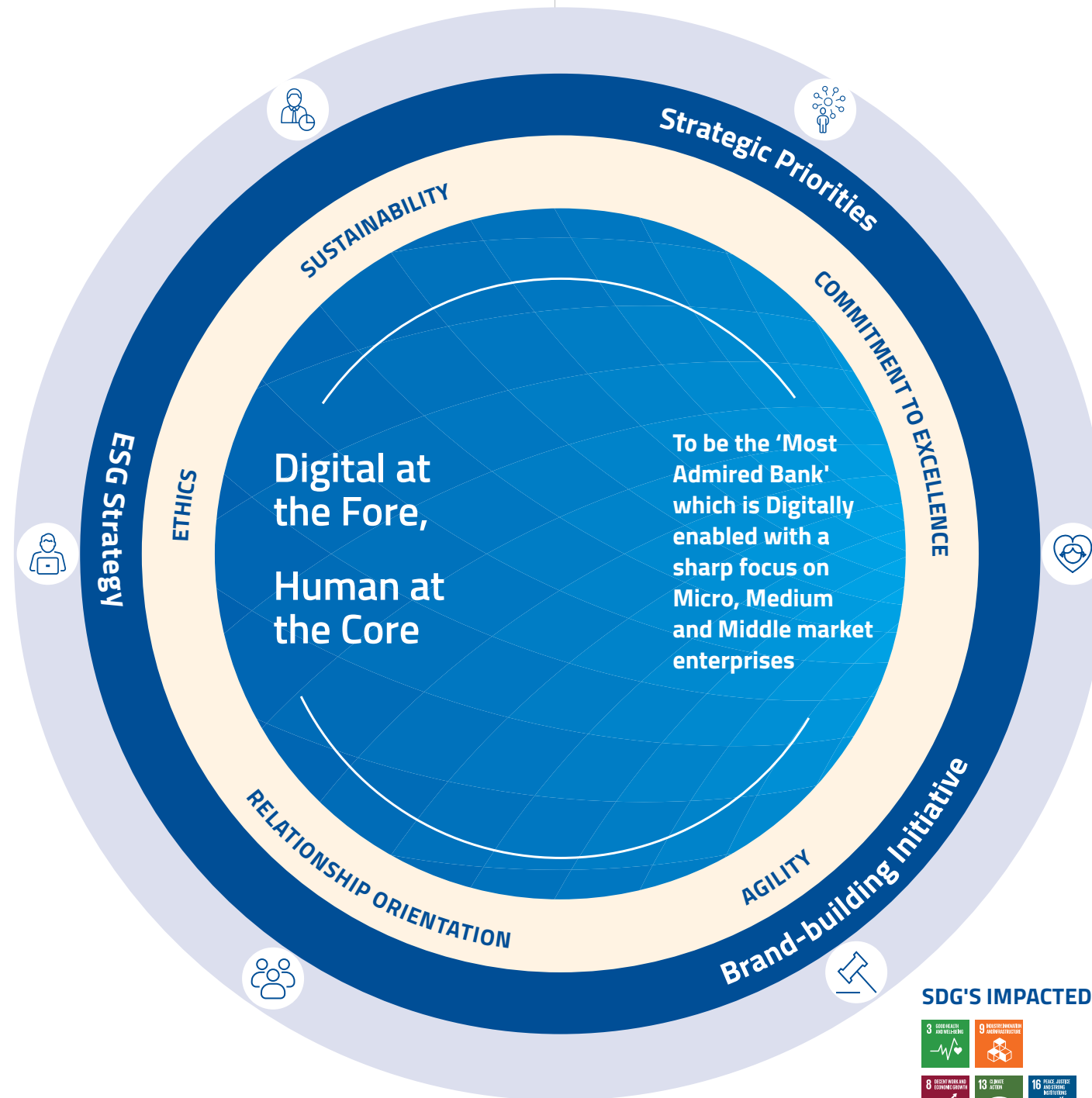
6
No. of Green Certified Premises

7.83% of CAPEX
Investment in Energy & Water Conservation Projects

Manufactured Capital

1,504
Total number Banking outlets

2,015
Total no. of ATMs/CDMs



Output and Outcome

Financial Capital

₹ 3,721 Crore
PAT

18%
Increase in total deposits

14.73%
Return of Equity (RoE)

Human Capital

₹ 31.92 Crore
Business Per Employee

3.19%
Voluntary attrition rate (Less by 15% compared to y.o.y)

47.83%
New Women Hires

Social and Relationship Capital

4,61,271 Individuals
Total Enrolment to Social Security Schemes

40,95,790 Individuals
Total CSR Beneficiaries

Intellectual Capital

94.30%
Share of Digital Transactions

4.6
Android App Rating

Natural Capital

90901 kWh
Electricity Saved

2.81 million metric tonnes
Avoided Emissions through Green Lending (CO₂e per annum)

~2.5 Lakh litres
Water Saved

Manufactured Capital

64%
Semi urban and rural branches

1.82 Crore
Total customers served

Stakeholder Engagement

Growing through Collaboration

Our stakeholders are those who are most impacted by our business activities. We proactively engage with them through a variety of channels to understand their concerns and interests to provide the most beneficial responses. Our ethos revolves around creating long-term relationship with them based on transparency, trust, and respect.

Shareholders and Investors

Customers

Employees

Vendors, Suppliers and Service Providers

Ecosystem and Society

Government and Regulatory Bodies

Channels of Communication

- Quarterly financial reports
- Press releases, conference calls and investor presentations, investor conferences, analyst day, investor days
- Interactions with shareholders and Annual/Extraordinary General Meetings

- Online and offline communication including advertisements
- Customer feedback
- Regular interaction

- Employee connect initiatives
- Encouraging beyond Banking activities for teamwork and collaboration
- PULSE, Viva Engage

- Meetings
- Calls
- Surveys

- Awareness sessions
- Group discussions
- Meetings
- Progress review

- Mandatory filings and compliances
- Meetings

Key Concerns and Expectations

- Economic performance
- Corporate Governance and Ethics
- Regulatory compliance
- Digital Leadership
- Fraud Risk Management
- Transparency and Fair Disclosure
- GHG Emission Management

- Customer Privacy and Data Security
- Customer Satisfaction
- Product Innovation
- Transparency and Fair Disclosure
- Sustainable Finance
- Digital Leadership

- Employee engagement, well-being
- Learning and development
- Corporate Governance and Ethics
- Culture and experience

- Partnership
- Governance and ethical practices
- Product innovation

- Climate Change Risk and Impact
- Corporate Governance and Ethics
- GHG Emission Management
- Transparency and Fair Disclosure
- Sustainable Finance
- Economic Performance

- Regulatory Compliance
- Corporate Governance and Ethics
- Transparency and Fair Disclosure
- Fraud Risk Management

Response

Various policies that aid in sustainable business performance in all areas of concern

- Digitalisation to aid customer service
- Offering products tailored to meet customer needs through technology
- Information activities on data security and privacy
- Good customer grievance redressal system

- Adopting a talent management system
- Diversity, Equity and Inclusion
- Employee feedback survey
- Health and wellness initiatives
- Emotional connection with employees

- Timely payment
- Policies for grievance addressal

- Supporting CSR projects in various fields like health, education, and Swachh Bharat among others
- Youth engagement initiatives
- Green Financing

Compliance and ethics-oriented strong corporate governance culture

Material Topics

Materiality Assessment

At Federal Bank, materiality assessment is a cornerstone of our commitment to integrating sustainability into our business strategy. We conducted our materiality assessment in FY 2022-23, aligning with the Global Reporting Initiative (GRI) standards. This ensured we captured the most significant topics influencing our operations and stakeholder relationships, recognising the critical importance of identifying and addressing the issues that matter most to our stakeholders and the long-term success of our Bank.

Materiality is a vital concept for Federal Bank as it helps us focus on the areas that can have the most substantial impact on our business and stakeholders. By identifying material topics, we can strategically address economic performance, environmental stewardship, social responsibility, and governance issues. These topics guide our sustainability initiatives, enabling us to proactively manage risks, seize opportunities, and enhance our resilience in an ever-evolving financial landscape. Through this process, we aim to create long-term value for our stakeholders while contributing to sustainable development.



PHASE 1
Identification of Sustainability Topics

We comprehensively analysed Federal Bank's organisational context in the first phase. This included examining our activities, business relationships, sustainability context, and stakeholder perspectives. We assessed the potential impacts of our operations on various sustainability dimensions. Stakeholder and expert input was actively sought, providing valuable insights. This phase resulted in a detailed understanding of significant sustainability impacts relevant to our Bank.



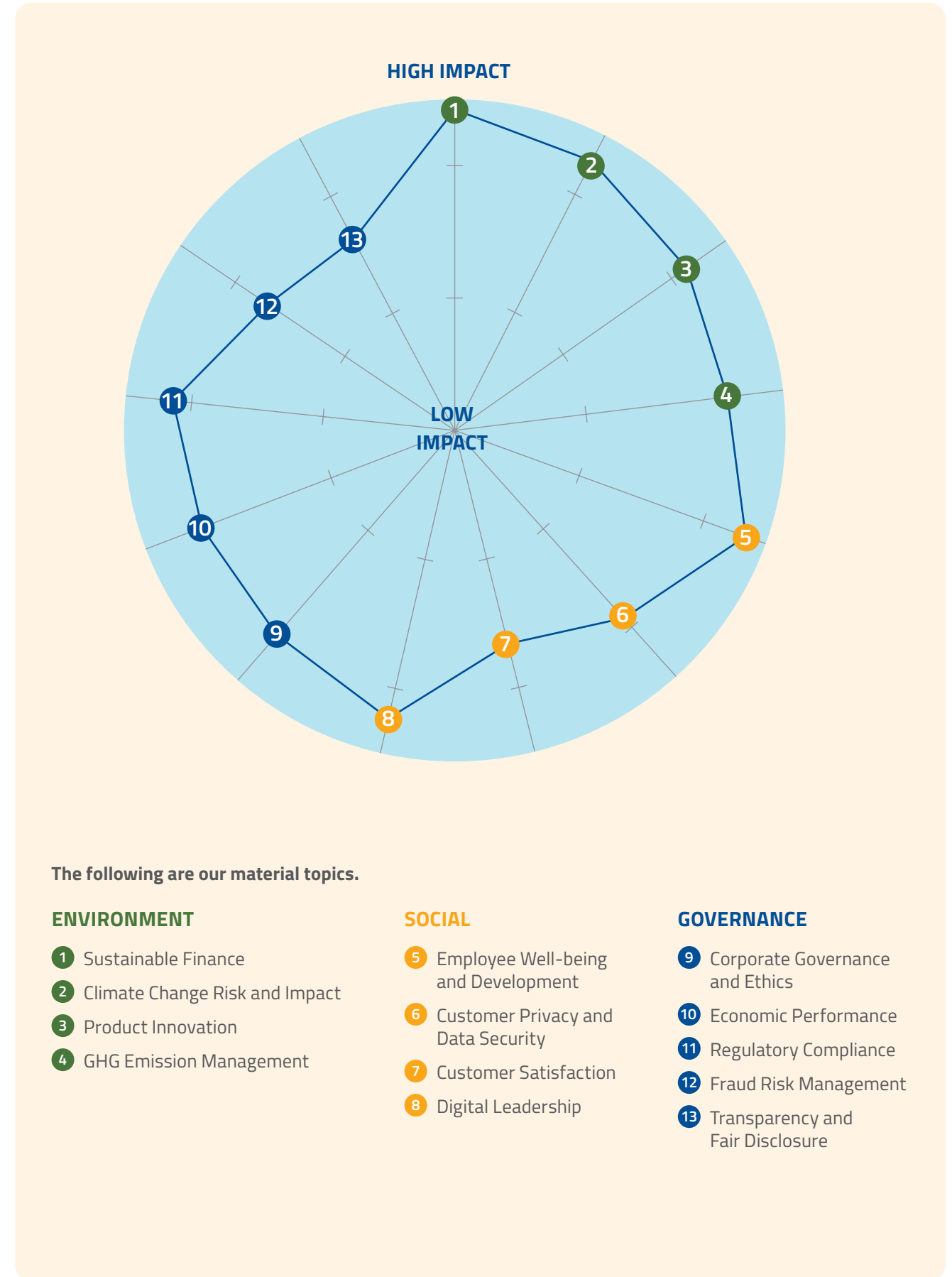
PHASE 2
Shortlisting of Material Topics

Following identification, we shortlisted 40 topics as potentially material. This process considered the financial sector's characteristics and the broader business environment. We benchmarked against peer findings and incorporated stakeholder interests and concerns, ensuring the shortlisted topics were highly relevant to the Federal Bank's operations.









PHASE 3
Prioritisation of Material Topics

In the final phase, we prioritised the material topics based on their impact on the economy, environment, and people, including human rights. We disseminated surveys to gather comprehensive stakeholder inputs. Analysing this data resulted in a prioritised list of 13 significant material topics. This list now guides our sustainability initiatives, focusing on areas that drive the most value and impact.



Material Topics

Material Topic	Management Approach	Potential/Actual Impact
Corporate Governance and Ethics 	<p>We uphold strong corporate governance and ethical practices through our policy on anti-bribery and anti-corruption. The policy and procedures ensure transparency, accountability, and trustworthiness, leading to long-term sustainability and stakeholder confidence.</p> <p>GRI 2: General Disclosures, GRI 205: Anti-Corruption</p>	<p>Negative</p> <ol style="list-style-type: none"> Impacts brand value and reputation Affects transparency on compliance-related matters Affects the confidence of various stakeholders
Economic Performance 	<p>Sound financial performance and stability are necessary to ensure our business continuity, investment, and economic growth, leading to sustainable development.</p> <p>The following policies have been adopted in this regard: lending policies, investment policies and deposit policies.</p> <p>GRI 201: Economic Performance</p>	<p>Positive</p> <ol style="list-style-type: none"> Impacts the share price Impacts the relationship with stakeholders
Regulatory Compliance 	<p>Our Bank ensures compliance with laws, regulations, and standards to ensure reduced legal risks, foster trust, and avoid penalties. This also ensures continuous support for sustainable business operations.</p> <p>GRI 205: Anticorruption, GRI 201: Economic Performance</p>	<p>Negative</p> <ol style="list-style-type: none"> Affects compliances with current and emerging regulations
Digital Leadership 	<p>The Bank's digital leadership enables it to adapt to technological advancements, drive innovation, and create competitive advantages.</p>	<p>Positive</p> <ol style="list-style-type: none"> Delivering fast and convenient services round the clock 24/7 for customers Operational efficiencies 84.15 tonnes of paper saved during the year 3.73 Lakh litres of fuel saved due to transformation to digital journey by our customers
Employee Well-being and Development 	<p>Promoting employee well-being and providing growth opportunities enhances productivity and job satisfaction among the staff and leads to talent retention. The Bank's commitment to its employees is reflected via the Diversity, Equity, and Inclusion Policy and ESG Policy.</p> <p>GRI 401: Employment, GRI 404: Training and Education</p>	<p>Positive</p> <ol style="list-style-type: none"> Job satisfaction of employees and talent retention Increases the productivity of employees Lowered voluntary attrition rate to 3.19%
Customer Privacy and Data Security 	<p>Protecting customer privacy and ensuring data security is a top priority for the Bank and enables it to build trust, safeguard personal information, and maintain brand reputation.</p> <p>GRI 418: Customer Privacy</p>	<p>Negative</p> <ol style="list-style-type: none"> Impacts business, customer satisfaction and brand value
Sustainable Finance 	<p>The Bank is committed to integrating Environmental, Social, and Governance (ESG) factors into its financial decisions to mobilise investments for sustainable development</p> <p>GRI 201: Economic Performance</p>	<p>Positive</p> <ol style="list-style-type: none"> Impacts the economy and risk mitigation Enhances brand reputation and trust ₹ 6,962 Crore green finance portfolio

Material Topic	Management Approach	Potential/Actual Impact
Fraud Risk Management 	<p>Our robust fraud risk management systems and its policy on Combating Financial Crimes, safeguard resources, prevent financial losses, and help uphold ethical business practices.</p> <p>GRI 205: Anticorruption</p>	<p>Negative</p> <ol style="list-style-type: none"> Affects business's performance and continuity Impacts the Bank's reputation
Climate Change Risk and Impact 	<p>Assessing and mitigating climate change risks, including Greenhouse Gas (GHG) Emissions, helps the Bank combat global warming and its adverse effects. The Bank's commitment is reflected in its ESG Policy.</p> <p>GRI 305: Emissions, GRI 307: Environmental Compliance</p>	<p>Negative</p> <p>Physical and transition risks. The following steps have been taken to adapt and mitigate the risks:</p> <ol style="list-style-type: none"> Green loans Exclusion list Phased reduction of coal-related exposure Generation of renewable energy LEDfication Using star-rated air conditioners which reduce power consumption Capturing Scope 1, 2 and 3 Emissions Disaster recovery mechanism
Product Innovation 	<p>The Bank continuously strives to drive product innovation. This, in turn, drives competitiveness, addresses market needs, and enables sustainable consumption and production.</p>	<p>Positive</p> <ol style="list-style-type: none"> Impacts business, customer satisfaction, acquisition
Transparency and Fair Disclosure 	<p>The Bank's transparent and fair disclosure practices help promote accountability, stakeholder engagement, and informed decision-making.</p> <p>GRI 2 : General Disclosure</p>	<p>Positive</p> <ol style="list-style-type: none"> Impacts stakeholder relationships
Customer Satisfaction 	<p>We prioritise customer satisfaction and experience. This helps improve customer loyalty, and brand reputation and foster positive relationships with our customers.</p> <p>GRI 416: Customer Health & Safety</p>	<p>Positive</p> <ol style="list-style-type: none"> Impacts business and profits Impacts brand reputation
GHG Emission Management 	<p>Managing and reducing Greenhouse Gas (GHG) Emissions to mitigate climate change impacts and support a low-carbon economy. In this regard, the Bank has taken various initiatives to reduce its energy consumption pan-India.</p> <p>GRI 305: Emissions, GRI 307: Environmental Compliance</p>	<p>Negative</p> <ol style="list-style-type: none"> Impacts the Bank's energy management Impacts brand value <p>The following steps were taken towards efficient energy management:</p> <ol style="list-style-type: none"> Generation of renewable energy LEDfication Using star-rated air conditioners which reduce power consumption Emissions measurement and monitoring

External Environment

Leading with Right Strategy

We operate in a constantly evolving business environment. The complex interplay of risks and opportunities shape our strategic decisions and influences our business activities, highlighting our commitment to adaptability and agility in navigating challenges.

Key Trends and Opportunities for the Long-term



SUSTAINED GDP GROWTH AND SUBSEQUENT CREDIT GROWTH

India's GDP is expected to increase by 8.2% over the short to medium term, and the middle-class population will increase from 31% in 2021 to 47% (71.5 Crore) in 2030. In FY 2023-24 the non-food credit growth of commercial Banks was at 16.3% vs 15.4% in the previous year. Empirically, credit growth stands at 2x the GDP growth. Although the credit growth might moderate from the numbers in recent years, given that the Indian economy is expected to do well in the near- to medium-term, the Bank's credit will keep growing.

Response

Federal Bank is expanding its presence to reach more areas, including underbanked areas and benefit from the macroeconomic scenario.



INTEREST RATES

For the last one year, RBI has held REPO rates constant at 6.5%. This has resulted in interest rates remaining firm and at a high for quite some time, leading to increase in cost of borrowing as well as lending.

Response

Federal Bank followed prudent policies, and was able to recover its net interest margins almost to the level where they were a year ago. The Bank also outpaced the deposit as well as credit growth of the industry during the year.



TECHNOLOGY

At ~30 Crore, India had the world's highest digital banking users at the end of 2022, and the number continues to go up. While being tech-savvy is crucial, data privacy and security are also of utmost importance.

Response

With the ever-increasing penetration of mobile phones and data services, digital banking is set to reach even the remote parts of the country. We continue to introduce innovative solutions for our customers to seamlessly access digital banking services. Simultaneously, we are working towards strengthening data security and protection.



REGULATION, GOVERNANCE AND RISK MANAGEMENT

Financial services companies in general and banks in particular are heavily regulated entities.

Response

We work within the realms of regulation. Our Board-approved compliance policies are updated annually. Our internal control framework further enhances the compliance culture.



CLIMATE CHANGE/ SUSTAINABILITY

Significant opportunities are likely to emerge as efforts to meet national commitments to sustainable growth and net zero transition by 2070. The Government of India is also providing financial support and subsidies for environment-friendly businesses.

Response

The Bank has been supporting environmentally favourable projects in sectors like renewable energy, green building, purchase of EVs, and waste management projects among others based on an appropriate risk-return assessment.



HEAVY COMPETITION

The industry is characterised by intense competition among incumbents and new entrants, including small finance banks, and non-banking financial companies.

Response

We are improving our REACH and entering into partnerships with new-age fintech companies to maintain growth and emerge victorious in this competition.

Strategic Priorities

Staying on the Course to Become the Most Admired Bank

To emerge as the Most Admired Bank in India, we have aligned our activities with this vision, striving for higher, sustainable, and more inclusive growth. By committing to profitable and responsible business practices, quicker adoption of technology and the essential human touch, we aim to be among the top 5 lenders in India.



Enhance Nationwide Presence

We have expanded our presence to 6,000 pin codes. We have 36% branches in Tier 2 and Tier 3 cities thus increasing the availability of financial solutions to underbanked areas. We increased our branches by a mind-boggling 10% this year and hope to maintain a similar growth trajectory going ahead. Branches enable us to give personalised experiences to our customers.

Read more on 20

1,504
Total Banking outlets
36%
in Tier II and III Cities



Build Technology Prowess

We aim to empower our customer's financial life using technology to build the best digital experience. We offer innovative digital products and services to our customers and use technology to improve our operating efficiency. Digital is helping us scale our operations by offering services to 18,000+ pin codes. We are using AI and data science to better understand our customer needs, anticipate trends and deliver the right products and solutions.

Read more on 24

₹ 663.7 Crore
Spend on Technology
94.30%
Share of Digital Transactions in March 2024



Invest in Relationship Management

Reimagining what being a Bank means and building trusted relationships with customers and employees. We are a Bank that has always believed in personal human touch. We build genuine connections with customers through various modes, be it launching products, branch opening ceremonies, or celebrating local festivals. This emotional connection creates a sense of belonging and leads to a positive banking experience.

Read more on 78

725 Million
Impressions Created



Increase Green Lending

Our Bank promotes green finance to reduce its lending emissions. Green lending is a way for us to demonstrate our commitment to a sustainable future for everyone. IFC has recognised our Bank as the top performer for climate lending during 2023. Federal Bank emerged as the top performer among the 258 financial institutions globally that are participating in climate reporting through the CAFI tool.

Read more on 75

The Highest Climate Loan Amount Reported
₹ 6,962 Crore
Outstanding Green Loan as on March 31, 2024



Attract and Retain the Best Talent

To win and keep top talent, we provide a workplace culture that encourages employee behaviour aligned with our values, fulfilling their long-term individual aspirations and providing experiences that make individuals feel valued, included and engaged.

Read more on 80

3.19%
Voluntary Attrition Rate
66%
Employees Serving for 5 Years or More

Our strategic priorities create higher returns and lead to more sustainable operations.

Risk Management

Achieving Long-term Stability

In today's ever-evolving financial landscape, effective risk management is fundamental to safeguarding our Bank's stability and achieving long-term success. At Federal Bank, we are committed to a proactive and comprehensive risk management framework that identifies, assesses, mitigates, and monitors potential risks across all our operations.

<p>Economic Risk</p>	<p>Key Risks</p> <p>Economic risks encompass global as well as domestic factors like economic downturns, inflation, rising interest rates, and currency fluctuations that can negatively impact a Company's financial performance</p>	<p>Response</p> <p>Federal Bank continuously monitors domestic as well as global developments and responds appropriately</p>
<p>Credit Risk</p>	<p>Key Risks</p> <p>Increasing interest rates and volatile market conditions can make it difficult for borrowers to meet their repayment obligations</p>	<p>Response</p> <p>Credit-risk architecture, policies, processes, and systems for managing credit risk through a centralised credit risk management division enable the Bank to effectively respond</p>
<p>Market and Liquidity Risk</p>	<p>Key Risks</p> <p>Challenges posed mainly in the bank's reserve management by tightening monetary policy and equity and forex market movements</p>	<p>Response</p> <p>The Bank has set risk appetite and VaR limits. It uses various tools for stress testing and monitoring and containing market risk</p>
<p>Operational Risk Management</p>	<p>Key Risks</p> <p>Potential for losses arising from internal flaws or external events that disrupt everyday business operations, including human error, inadequate processes or even natural disasters</p>	<p>Response</p> <p>The Bank uses Risk and Control Self Assessments (RCSA) and monitors Key Risk Indicators (KRI). There is a fraud prevention framework in place</p>

SHARPENING OUR SWORDS: STRENGTHENING AML DEFENCES

Financial crime is becoming increasingly common and Federal Bank is committed to nip it in the bud. To strengthen defence against such crime, the Anti Money Laundering Department of Federal Bank arranged for a training in association with Fintelekt, a financial crime compliance specialist. Fintelekt Advisory Services is a specialist in research, training and advisory services in Anti-Money Laundering and countering Terrorist Financing.

A half-day training programme for 42 newly-inducted interns under Federal Integrated Programme in AML was conducted offline and 10 sessions for the entire AML team through online mode. FCCS is a work-and-study programme designed by Manipal Global Education Services that provides 24 months of hybrid learning model comprising of classroom, virtual sessions and on the job training. The sessions focussed on comprehensive exploration of AML through case studies with intricate details of CFT and KYC.



<p>Business Continuity Risk</p>	<p>Key Risks</p> <p>Potential financial losses stemming from disruptions that prevent critical operations from functioning. These disruptions can be internal, like IT failures, or external, like cyberattacks or natural disasters</p>	<p>Response</p> <p>Bank-wide BCM (Business continuity management) plan is in place. A Central Crisis Management Team (CCMT) exists to take responsibility and act swiftly in case of emergency</p>
<p>Information Security and Cyber Security Risk</p>	<p>Key Risks</p> <p>Such risks for a Bank involve the potential for financial losses, reputational damage, and regulatory penalties. These risks stem from unauthorised access, use, disclosure, disruption, modification, or destruction of sensitive customer and Bank information. Cyberattacks, malware, system vulnerabilities, and human error can all contribute to these risks</p>	<p>Response</p> <p>The Bank safeguards information through a robust framework, a dedicated CISO team, and 24/7 security monitoring by a SOC. They prioritise user awareness through regular training programmes</p>
<p>Compliance Risk</p>	<p>Key Risks</p> <p>Compliance risk for a Bank refers to the potential for financial penalties, legal repercussions, or reputational damage resulting from failing to comply with relevant laws, regulations, and industry standards</p>	<p>Response</p> <p>The Bank has policies and controls to ensure compliance with laws and regulations. Continuous evaluation and policy updation to remain relevant and adoption of best practices are part of ongoing efforts</p>
<p>Climate Risk</p>	<p>Key Risks</p> <p>Climate change can impact various areas of Banks operations, including credit risk, market risk, reputation risk among others</p>	<p>Response</p> <p>Bank has set a risk appetite for climate risk and takes actions to increase sustainable lending</p>

FOUNDATION GREEN GENDER DIVERSITY
ESG JOURNEY CLIMATE SWACCHA BHARAT
CREATING
SYNERGIES
VALUE WE CARE GROUP CSR
TOGETHER DEI
PARTNERSHIPS CULTURE EDUCATION GIVING BACK SPORTS



Jimmy Raju
Customer

A Recipe for **Success**

In 1994, Jimmy Raju founded Grandma's pickles in Marady, Kerala, with the goal of creating a high-quality pickle brand. Despite early success, Jimmy faced challenges in securing funding due to limited collateral and hesitant traditional lenders. With initial financial support from her husband, she built a solid business strategy and earned the trust of lenders. A loan from Federal Bank enabled her to expand Grandma's beyond regional markets and start exporting to Europe. "This support has been a morale booster in my journey as an entrepreneur," says Jimmy.

Today, Grandma's employs over 200 people, becoming a critical source of livelihood for many.



For us, being Human at the Core is not just a mantra but is something very strongly embedded into our DNA. Jimmy's story is a testimony to our "Rishta Aap Se Hai sirf App Se Nahi"™ concept that signifies our strong bond with customers."

-Federal Bank

ESG Strategy

Unlocking Sustainable Synergy

Federal Bank's robust ESG strategies, set by the Board, are closely aligned with our Bank's risk appetite and ESG roadmap. We have committed to several ESG targets in the medium and long term, and our progress is closely monitored by the Board and transparently conveyed to external stakeholders. The core values framework encompasses all three pillars of ESG.

We follow a top-down approach starting at the Board level, for setting our ESG strategies. The Board has set qualitative risk appetite for climate risk and also the ESG roadmap as part of the Business Strategy. These are reviewed on an annual basis based on the prevailing economic, social, and regulatory expectations and the best practices observed across the peers.

Our ESG journey is driven by strong commitments and transparent disclosures. Thus, we have made several medium-term and long-term commitments on various ESG parameters. The Board closely tracks the performance against each of these commitments and also discloses the same to external stakeholders.

The Bank has also put in place suitable policies that enable the ESG journey in alignment with the commitments made. The Risk Management Committee (RMC) of the Board is entrusted with the responsibility of monitoring the ESG and climate risk management initiatives of the Bank. An executive-level ESG Committee headed by the MD & CEO oversees the implementation of ESG-related policies and reviews the performance against the ESG commitments. The ESG committee guides the implementation of the Board-approved policies and ensures that the same is integrated seamlessly across functions. The Bank is also in the process of assessing the portfolio emissions and developing a decarbonisation roadmap for its operations.

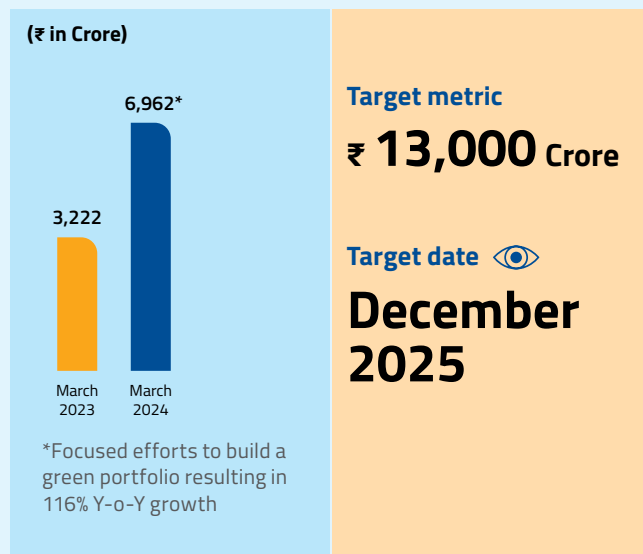
Details of the ESG initiatives/goals undertaken by the Bank during the Financial Year are included in the Business Responsibility and Sustainability Report.

Targets and Achievements

ESG Performance Snapshot

We have set stringent targets related to green financing, renewable energy generation, resource optimisation, and gender equality to foster sustainable and inclusive development. Our performance against such targets are closely monitored.

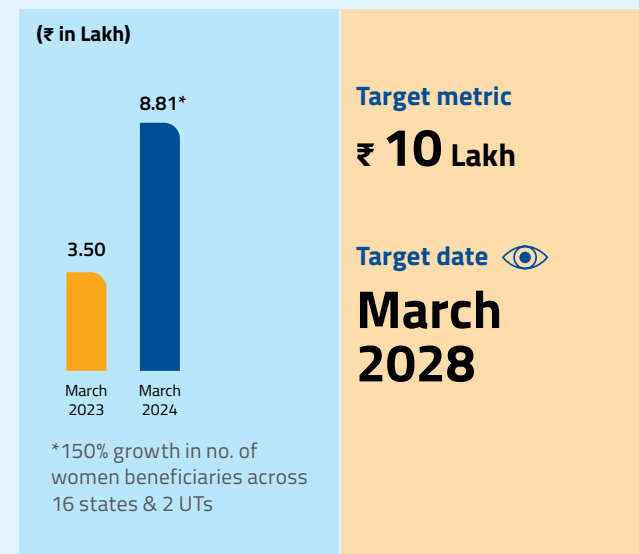
Grow Green Portfolio



Phase-out of Coal related Exposure



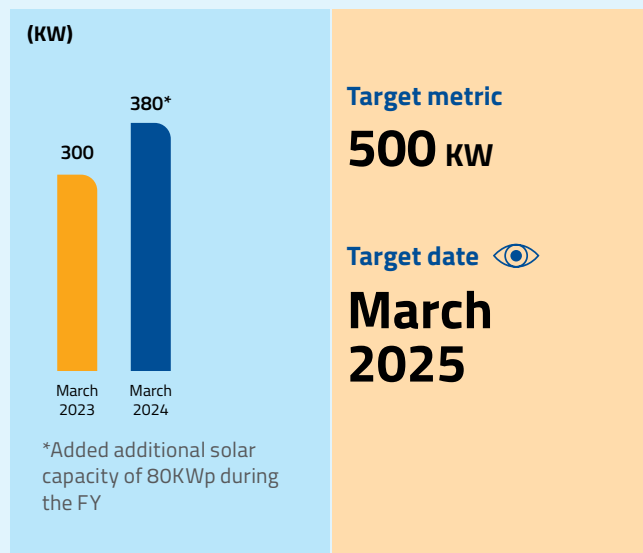
Finance Women Entrepreneurs – BC Channel



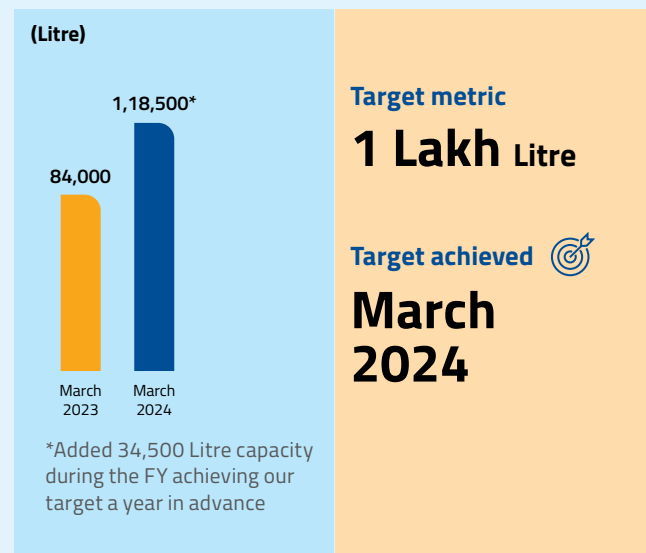
Bank Premises to be Green Certified



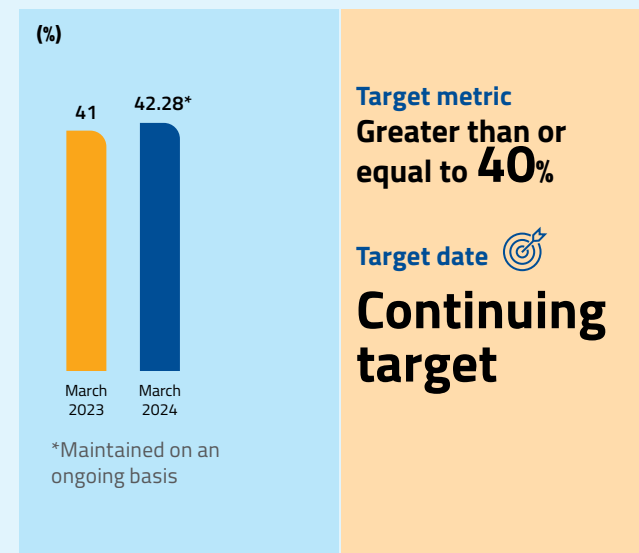
In-house Solar Power Generation and Capacity



Water Conservation Capacity



Gender Diversity Ratio (Women)



- In line with target
- Already achieved target
- Performance
- Commitments

Environment

Committed to a Greener Tomorrow

We have just one planet, and its well-being is closely linked to our own. Our efforts to reduce GHG emissions, decrease energy consumption, minimise the use of plastic, encourage digital applications, and promote environmentally responsible investments are spurred by this fundamental realisation.

ENERGY EFFICIENCY

We have implemented various energy-saving measures in our branches and offices, from using energy-efficient appliances and LED lighting to promoting responsible energy use among employees. Apart from installing a rooftop solar plants with combined capacity of 380 kWp, the Bank is procuring only star-rated energy-efficient inverter AC units, which help reduce 25% of energy usage compared to conventional AC units. We have also installed IoT-based power-saving devices for AC units in 50 ATM sites. The Bank is replacing all conventional lights with LED, which helps in saving approximately 50% of energy usage. Six of our premises have already received Green certifications.



On World Environment Day, at Federal Bank we handed out saplings to children. The kids showed great interest in nurturing at Fed Cradle, our in-house creche facility at select locations by caring and watering the plant daily. Over time their efforts bore fruit, quite literally, as the plant blossomed with fruits. This journey symbolises our commitment to nurturing a sustainable future, where small acts of care and consistency lead to significant environmental rewards.



32%

Inverter Type AC Units

85%

Premises with LED Lights

27,231 kWh

Power Savings at ATM Sites

GHG Emissions

Parameter	FY 2023-24	FY 2022-23
Total Scope 1 emissions Metric tonnes of CO ₂ equivalent	3,866.67	2,774.86
Total Scope 2 emissions Metric tonnes of CO ₂ equivalent	28,076.77	32,862.90

PROMOTING CIRCULARITY

We collaborate with local authorities and engage authorised e-waste recyclers for responsible waste collection and disposal. We have eliminated the use of single-use plastic bottles within our premises. We are always exploring alternatives to reduce paper and plastic waste. We ensure appropriate disposal in collaboration with local corporations, municipalities, and panchayats.

GOING DIGITAL. GOING GREEN.

Going digital significantly reduces the need for paper. Cloud storage and digital document management eliminate the need for physical space and paper-based archives. This results in improved environmental management. For more on how we are investing in digital read pg 24.

Sustainable Lending Practices

As custodians of public money, we are committed to societal and environmental responsibilities beyond operational improvements and CSR activities. We have re-aligned our lending strategy, becoming the first Bank in India to publicly commit to a coal phase-out policy by 2030. We have ceased funding for new or significant expansions of coal mines, coal-fired power plants, and oil & gas exploration activities. Sustainability is central to our lending practices, with every project evaluated for significant Environmental and Social (E&S) risks based on IFC performance standards.

We actively fund climate-positive activities like energy-efficient buildings, clean transportation, renewable energy, and sustainable agriculture. We have aligned our definition of 'Green' activities with the taxonomy of Multilateral Development Banks, focusing on climate finance. Our green loans are rigorously assessed using the Climate Assessment for Financial Institutions (CAFI) tool.

Category of Green	Balance O/s (in ₹ Crore)
Green Building	55
Renewable Energy	6,051
Special Climate*	856
Total	6,962

* Special Climate includes loan provided for EVs, Waste Management Projects, Upstream & Downstream activities related to Renewable Energy, etc.

2.81 Million metric tonnes

Annual Emission Reduction in CO₂e through Green Lending

Coal-related Sub Project Exposure

0.33%

of Gross Advances

Investors

Forging a Strong Foundation

We are committed to empowering our investors to actively participate in our governance, share our sustainable profits, and gain a comprehensive understanding of our financial health through a culture of transparent and proactive engagement. We strive to build strong shareholder connections and create a long-term, sustainable business model that you will be proud of.

The Board oversees the actions and results of the management to ensure that the medium and long-term objectives of enhancing shareholder value are met. The Board also has the discretion to engage the services of external experts/advisors, as deemed appropriate.

ANNUAL GENERAL MEETING

Our AGM brings together Bank's management, Board and shareholders for a collective dialogue. The formal online meeting was held last year and the Management of the Bank, including the Board members discussed the performance, strategy, and governance of our Bank at length with all the shareholders. Shareholders voted on certain resolutions like capital requirements, approving financial statements, declaring dividends, etc.

250+

Attendees for Investor Meetings

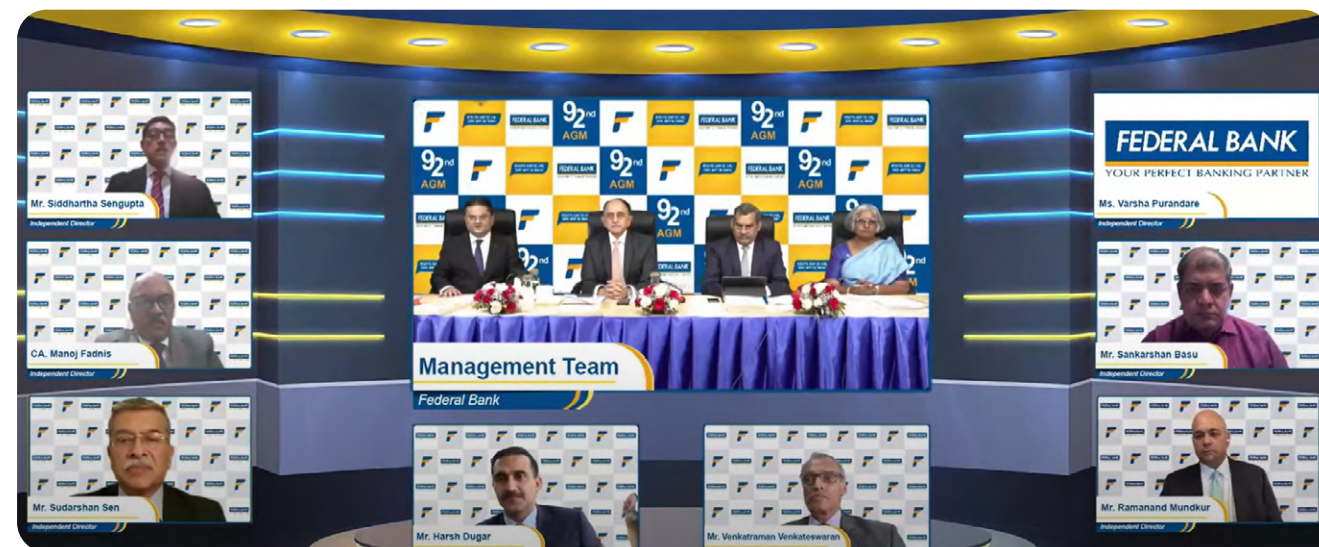
ANALYST MEETS AND INVESTOR CONFERENCES

As part of our outreach programme, we actively engage and remain connected with the entire analyst community. We consider the analyst community as our bridge to the investor community. Around 30 analysts, including those from renowned research houses cover our stock. We are happy to be one of the most favoured stocks in terms of analyst coverage.

In terms of Investor Conferences, we have participated in almost all the conferences held in India as it helps open communication with investors. We showcase our performance, financial numbers, strategies and the way forward plans to our investors.

CAPITAL RAISE

We also successfully raised capital to the tune of ~₹ 4,000 Crore with a mix of QIP and Preferential allotment. We believe that this is a result of the consistent and continuous engagement the management had with our stakeholders.



Shareholder Returns

DIVIDEND

Protecting shareholder value is the guiding principle of our Bank. Federal Bank believes in striking a fine balance between retained earnings and dividend distribution. The Board of Directors have recommended a dividend of 60% i.e. ₹ 1.20 per Equity Share on face value of ₹ 2 each for FY 2023-24 subject to the approval of the Members in the ensuing Annual General Meeting.

FINANCIAL PERFORMANCE

We experienced a year of superior financial performance, with the highest-ever profit earned for a financial year while maintaining the best asset quality. To know more about our financial performance read page 46.

Customer Centricity

Guided by Our Priorities

Making customers the priority is a fundamental principle that underpins all the initiatives of Federal Bank. Every employee, from the frontline staff to senior management, is aligned to prioritise customer needs and deliver exceptional service. For us, banking is more than just transactions; it is a way to build lasting relationships.

We offer priority banking services, providing customers with exclusive products, dedicated relationship managers, and access to priority banking lounges for a personalised banking experience. We provide excellent customer service, aiming to be the first choice for customers across India.

RELATIONSHIP MANAGERS AND SECTOR SPECIALISTS OFFERING OPTIMUM ADVICE

Our Relationship Managers (RMs) forge connections with the clients and listen to them to identify the requirements and business opportunities and offer best-suited financial products. We also employ product specialists who step into action wherever required. The relationship team coordinates with the products specialist to provide customised solutions and advisory. Our corporate client service centres ensure prompt, efficient and standard service delivery.

We also have sectoral specialists in Credit and Business who regularly engage with the customers and keep themselves abreast of the industry trends by attending industry-specific seminars, and webinars. This helps the Relationship team in scoping the possible business opportunities and challenges.

The relationship value and profitability of a client relationship are reviewed and monitored regularly.



Beyond Banking: Long-standing Melody

Federal Bank is proud to celebrate one of our heritage customers, Ms. Usha Uthup, on being awarded the prestigious Padma Bhushan from the Government of India. Ms. Uthup, a resident of Kolkata, is a shining example of artistic excellence and embodies the spirit of our city. We felicitated her for this remarkable achievement, recognising her immense contribution to Indian music. She shared fond memories of her banking experience with Federal Bank and wished us all the very best for the coming days. This association is a testament to our commitment to supporting and honoring the achievements of our valued customers.

CONTINUOUS PROCESS IMPROVEMENT

Federal Bank is committed to continuously enhancing processes to provide premium customer experiences. We regularly review and refine internal procedures, streamline operations, and reduce friction points to enhance the overall customer satisfaction. Some of the process improvements include:

- Federal Bank offers customers a fully digital KYC renewal process, if there are no changes in profile details. This eliminates the need for a Bank visit.
- We are focused on rapid delivery of welcome materials (kit, cards, chequebook) to customers' doorstep, faster than the industry standards. We use real-time tracking and easy access to delivery status for both customers and our frontline staff, mirroring the best practices in e-commerce and logistics.
- With our new IVR system, the customer can activate their debit cards instantly, skipping the ATM and OTP wait. This results in fewer complaints and a positive customer experience.

GRIEVANCE REDRESSAL MECHANISM

We have developed a transparent and responsive grievance redressal system supported by a well-documented Customer Grievance Redressal Policy. This Board-approved policy is based on the principles of fairness, courtesy, and efficiency. This ensures effective handling and prompt resolution of complaints. Additionally, the introduction of an Internal Ombudsman has enhanced the independence and authority of the grievance redressal mechanism, providing customers with a higher level of trust in our Bank's commitment to resolving issues. We regularly train our staff to handle complaints empathetically and professionally, and review and update the grievance redressal process based on customer feedback. This has further strengthened the relationship between our Bank and our customers.

OTHER INITIATIVES

- We are at the forefront of providing innovative solutions to the client's requirements. We are amongst the first Banks to offer cross-border trade transactions using electronic bills of lading over the blockchain platform, thereby reducing the working capital cycle and cost significantly for our clients engaged in exports/imports.
- We participated in the first-ever large value syndicated factoring programme ever done in India by Indian banks.

(For more on our innovative products read page 12).

FUTURE PLANS

We have taken major steps that will lead to improving customer experience on all our corporate digital channels. We are in the process of launching a revamped and more advanced version of our Corporate Digital Platform soon. This platform will provide a unified experience for various transaction banking requirements, thus offering a seamless singular yet multi-faceted channel for our customers. In pursuit of being a house Bank, we are expanding our existing product offering in terms of digitally-enabled SCF, Trade, Treasury, Liability, Capital Market, etc. To read more on how our digital efforts are helping customers, read page 24.

NET PROMOTER SCORE (NPS)

All our efforts are directed towards serving our customers better. We use NPS as a key metric to gauge customer satisfaction and loyalty. We measure the NPS via various channels and at customer delivery points to identify areas of improvement and to bridge any gap in the system. Through this interaction and feedback mechanism, we gain insight into customer preferences, which in turn is used for creating tailor-made solutions for the customer.



Beyond Banking: Customer Experience Transformation Story

Federal Bank took a centre stage at prestigious Oracle CloudWorld event held in Mumbai in February 2024. Oracle Cloud World event is a premier gathering designed for industry leaders. It provides excellent platform for networking, knowledge exchange, and strategic insights into the ever-evolving technological landscape.

During our session, our Executive Director Shalini Warriar engaged in a captivating fireside chat with Shailaja Nair, Client Services, Infosys. The discussion focused on the customer experience (CX) transformation journey undertaken by Federal Bank. Ms Warriar offered valuable insights and experiences that the audience could relate to.

We could highlight our technological prowess and showcase the impactful role that technology plays in driving business transformation through its own customer experience journey.

Employees

Unlocking Success Together

Our employees are the cornerstone of our future, and our policies are designed to create an environment that inculcates a sense of belonging among them. We deploy a 'Talent Strategy' to hire, train and retain the best from the industry, while promoting diversity, equity and inclusion.

25	2,655	234
Number of States/UT Hired From	Number of new Hires	Number of Campuses Hired from across India

LEARNING AND DEVELOPMENT (L&D)

Our vision is to become the 'Most Admired Bank'. Accordingly, our L&D Strategy is focused on 'Nurturing Excellence and Creating Most Admired Professionals and Teams'. We provide continuous learning opportunities to our employees enabling them to build relevant skills, develop career paths and elevate to leadership roles.



6.1 Lakh	5.5 Days	1,500+	99%
Hours of Training for Personnel	Average Training Duration Per Employee	Employees Trained via e-Academies	Officers Participation in Self-paced e-Learning Programmes
₹ 9.59 Crore	13,292		
Expenditure on Employee training, Skill up-gradation and Development	Employees Trained		

LEADERSHIP DEVELOPMENT

Our Leadership Development Programmes (LDP) cultivate leaders who can seamlessly navigate the digital frontier while upholding the core Federal Values. The LDP offers interventions for Junior, Middle and Senior Management to create a strong leadership pipeline. For example, our Infinity programme identifies young employees who can be high potential leaders. The aim of the programme is to create leaders who can deliver unparalleled customer experiences to fuel the Bank's future growth.

100+	1,000+
Ready-to-Deploy Leaders Trained	Employees Enrolled in the Programmes

Mentoring and Coaching

We empower our employees to thrive through a comprehensive development programmes. This includes mentoring, coaching, and – importantly – reverse mentoring. This facilitates a two-way exchange of knowledge. Fresh perspectives from younger team members keep our leadership abreast of evolving trends and technologies and results in more aligned perspective between recent hires, top leadership, and everyone in between, leading to smoother onboarding, effective career transitions, and overall success.

E-Academies and Talent Pool Creation

We create a specialised talent pool for niche areas and multiple domains through E-Academies of Learning. This offers longer duration and blended interventions, including self-learning, training, assessment, and certifications to build talent pools in functional and domain areas.

OTHER INITIATIVES

Learning Club: We follow a decentralised learning approach through Zonal Learning Clubs at designated centres across India. These clubs, led by accredited internal cluster trainers, deliver customised training programmes specific to each region.

Diversity and Inclusion Initiatives: We host internal women leadership initiatives, certification programmes, and targeted Executive Development programmes through external partnerships. Additionally, comprehensive training sessions covering various facets of POSH (Prevention of Sexual Harassment) are provided to ICC members and employees.

Industry-Academia Projects: We have partnered with over 60 institutes, including Coursera and IIMs to offer niche programmes focused on building skills and knowledge for employees. We even provide scholarships to employees to pursue professional courses from leading institutes.

Technology as an Enabler for Enhanced Learning: Federal Academy of Career Excellence (FACE-CoE for L&D), our learning and development centre can remotely connect to each of our employees and offices. It offers various options from live broadcasts of training sessions to hybrid classroom sessions for employees for enhanced learning. FACE has launched a bouquet of programmes across functional, technical, leadership and behavioural aspects of banking.

AI-powered Learning: Our Learning Experience (LXP) platform provides an immersive experience via gamified content, digital badges, and dynamic learning dashboards. We are also using cutting edge technology like augmented reality (AR) and virtual reality (VR) in programmes like quizzes that are held at pan-India level. Dedicated e-learning drives in all regulatory prescribed areas like information security awareness, KYC & AML guidelines, Banking Ombudsman, etc. are conducted to ensure growth with compliance.

The Bank has implemented many programs, leveraging Zonal Learning Clubs and Technology, to enhance employee competencies. Two such specific training programmes are indicated below

Comply N Grow: This comprehensive programme trained employees on critical compliance and due diligence aspects for branch operations, currency management, and fundamental procedures. It equipped staff to navigate the complex regulatory and operational landscape effectively.

1,489
Employees Trained

Gold N Compliance: This hands-on training programme focused on gold ornament appraisal. It provided role-specific knowledge to ensure compliance in gold loan operations.

770
Employees Trained

DIVERSITY, EQUITY AND INCLUSION

Diversity, Equity, and Inclusion are the pillars of our organisational ethos and critical for ensuring equal opportunities and promoting inclusivity. They are essential to drive growth and sustainability. We ensure equal career opportunities for women at every stage, witnessing numerous successes as many women have stepped into senior leadership roles within our Bank.

42.28%	24%
Women in the Workforce	Branches Headed by Women

47.83%	Nil
New Women Hires	Cases of Discrimination in FY 2023-24

Promoting Women's Care and Empowerment

At Federal Bank, we understand the immense joy and challenges of motherhood. That's why we offer Maternity Connect, a programme designed to support the mother at every step of the way. We offer a 6-month maternity leave with extensions available for medical and unforeseen emergencies so that the mother gets time to create a precious bond with the newborn while recuperating. A Maternity Work Buddy is assigned to expectant mothers to stay connected with organisational updates during their leave. We celebrate new moms return by greeting them with 'Welcome Back' and a gift hamper, letting them know they are valued. Some of our facilities even offer on-site child care facilities granting the parents peace of mind. An overwhelming majority of women return to work post maternity leave in the organisation.

99.3%
Women Returned to Work Post Maternity Leave

Employees

ATTRACTING TALENT, RECOGNITION AND RETENTION

Our talent acquisition and development programmes focus on alignment of the team to the organisational vision and strategy. We recruit top talent through diverse channels like campus hiring, volume hiring, lateral hiring, the various internship programmes, and the Federal Integrated Programme. We also emphasise on retention by offering career growth, competitive compensation, and positive work environment. Strong leadership and employee recognition contributes to our low turnover rates. We closely monitor attrition levels to assess our retention strategies and identify areas for enhancement.

Recognition of Organisational Excellence Across Zones

Our annual Organisational Excellence programme across zones celebrates the heroes of Federal Bank: Customer Service Champions, Talent Champions, and Engagement Champions. Their dedication that makes a real difference for our customers, colleagues, and the Bank itself.

Townhalls

Federal Bank is committed to open communication for creating a collaborative spirit. This is achieved through town halls, physical as well as virtual. Our Managing Director conducted physical town halls across all zones of the Bank during the year. We also conducted virtual town halls, which offered an informal space for leaders and employees to connect. Through these meetings, employees gain valuable insights into the Bank's performance, upcoming plans, and can contribute their own ideas and perspectives. Additionally, they provide a platform to address any concerns and celebrate successes together, thus building a strong team spirit.

PULSE: The Connected Hub at Federal Bank

PULSE is our secure, in-house designed internal communication and engagement platform to keep our employees engaged and informed. This user-friendly app connects Federals and empowers the users to communicate effectively and be a part of engaged environment. One of the key features of the app is that it even connects employees to the top leadership. The Chief connects to the employees every Sunday through his weekly message series, which is available on PULSE.

3.19%

Voluntary Attrition of Permanent Employees

HEALTH AND WELLNESS INITIATIVES

Federal Bank believes in holistic development. Our health and wellness initiatives for our people go beyond professional growth. We organised basic health checkup camps in some of our offices. Throughout the year, we organise activities for taking care of health.

SMILES - Employee Assistance Program: Seeking support is a sign of strength, and the bank is here to support our employees in every step of the way.

As part of World Yoga Day, we conducted a 21-day Health Challenge through yoga for our employees. We also conducted wellness webinars on various topics like Get Your ABC Right: Simple Ayurvedic Techniques to Deal with Acidity, Bloating and Constipation; Break the Stigma of Mental Health; and Heal your neck, back, and shoulders, in tandem with other wellness initiatives.

Celebrating Festivals and Important Days

We embrace cultural diversity by celebrating various regional and seasonal festivals, including Pongal, Durga Puja, Onam, Diwali, Navarathri and Christmas, across the different zones of our Bank. We try following local traditions for these events. During Pongal, our



branches in Chennai Zone decorated their premises with traditional kolam designs and prepared Pongal rice. The Onam celebrations were marked by vibrant flower arrangements and cultural performances. The festival of Diwali saw our branch offices illuminated with lights and adorned with rangolis. Christmas was celebrated with equal enthusiasm, featuring festive decorations, gift exchanges, and community outreach programmes. These celebrations show our responsiveness in promoting local traditions and customs across regions.



World Environment Day Celebrations

World Environment Day on June 5, 2023, was celebrated through various initiatives showing our commitment to sustainability and fostering environmental consciousness.

Distributed Saplings

To Kids of Employees

Quiz

On the Theme of Environment

113 Employees

Owners of EVs Recognised as Green Champions

Recognising Community Workers

Who Keep the Environment Clean



Beyond Banking: Scaling New Heights

One of our Federals, Ms Angelina Prashanthi P R, from Pallikaranai branch has won Silver Medal in State Cycling Championship event that took place in Coimbatore during the year. She was selected to participate in the Nationals representing Tamil Nadu that were held in Karnataka in December 2023.



Employees

WE CARE – INITIATIVES BEYOND WORK

Reinforcing Rishta with our Retirees

We value our retired employees and have introduced various initiatives to strengthen the bond with them. Under our campaign 'Rishta Aap Se Hai, Sirf App Se Nahi', we extended the activities to include retirees and invited them for a small gathering at our offices.

Family Time

Federal's family is our extended family. We held family and sports meets across nine zones of our Bank. The cultural celebrations and family meets transformed workplaces into spaces for joyful festivities. We encouraged the spirit of competition and camaraderie through sports competitions. Our employees have been representing our Bank in external sports tournaments as well. We also organised events to recognise the talent of our employees' children. Our Talent Time initiative honours meritorious children of our employees.

Farishta Bringing Sunshine!

Federal Bank, through its employee volunteering programme, Sunshine, empowers employees to give back to the community. These dedicated members, known as Farishta (meaning 'angels' in Farsi), champion various social causes, thus bringing sunshine to the community.

Cloth Donation Drive

We played an active part in the reduction of carbon and waste footprint and contributed to livelihood creation among rural Indian women by conducting the drive in association with Goonj.

2.5 metric tonnes

Cloth Collected



Blood Donation Drive

Donating blood is an act of generosity that saves countless lives and embodies the spirit of compassion and social responsibility. Our employees participated enthusiastically in the noble activity of donating blood under the Sunshine Volunteering initiative. All our zones facilitated this drive's resounding success and strengthened the collective impact.

1,300+

Employees Donated Blood



Beyond Banking: Federal Turns a Travel Star

Pratima Singh Chauhan, a Federal and Chartered Accountant by profession and a passionate digital creator and travel storyteller, recently experienced a pinnacle moment in her journey. She was invited to attend India's first-ever 'National Creators Award' programme, conducted by the Prime Minister's Office in New Delhi. Pratima, who has documented 400 plus solo travels across India since 2021 on her Instagram handle was thrilled to be among 3,000 handpicked content creators from across the country. During the event, she had the opportunity to meet renowned creators and was inspired by the Prime Minister's advice to travel slowly, explore local places deeply, and promote them. Her journey, which includes memorable visits to places like Hampi, Vattacanal, Kashmir, Varkala, and Banaras, continues to inspire her growing audience!

Partnerships

Exploring Synergies

Partnerships are a strategic way to stay competitive in a rapidly changing financial services industry. Such associations empower us to reach new customer segments, gain access to innovative ideas, explore synergies for growth, and promote financial inclusion. The Bank's agility, transparency and know-how are key to its success in the area of partnerships.

Almost 70% of rural population is dependent on agriculture for livelihood. It contributes 15% to India's GDP. Small and marginal farmers are plagued by delays in obtaining credit from a formal banking channel. Timely credit is of utmost importance in farming as it ensures the purchase of inputs and meeting cultivation costs for a seasonal activity. Any delay results in loss of opportunity and pushes the farmer to rely on the costly informal sector for credit.

To change this scenario, Federal Bank decided to launch a product that will ensure seamless and paperless credit delivery at the doorstep of the farmer within 15 minutes.

Its key unique features are:

- E-KYC authentication of farmers
- Rule engine-based credit bureau verification
- Real-time land record fetch from Government records using API
- Automated loan limit assessment based on the scale of finance
- Automated Loan Approval and E-Signing of loan documents
- Disbursement and fund transfer with IMPS, and NEFT facilities.

The above can be initiated and loan disbursed in under 5 minutes even for an NTB customer. The core platform



Instant Kisan Credit Card (KCC) Loan Account in Association with TNeGA (Tamil Nadu e-Governance Agency) and RBIH (Reserve Bank Innovation Hub)

is a blockchain-powered middleware platform, which integrates a financial institution's core banking system with external third-party BFSI applications, large data lakes and credit bureaus.

4,797
Number of Applications Processed

2,564
Number of Loans Sanctioned

31 Crore
AUM

PARTNERSHIPS WITH FINTECHS

Fintech companies use cutting-edge technology and user-friendly interfaces to bring essential financial services to the unbanked and underbanked. Federal Bank collaborates with fintech companies offering unique and hyper-personalised customer experiences. This enables our Bank to acquire younger, tech-savvy customers. Today, the Bank has partners for customer acquisition, mainly millennials and GenZ.

The Bank's Mantra of Partnerships is aligned with its business objectives as it aims to achieve 25% business through strategic associations by FY 2024-25.

Fintech Partnerships

Credit Cards*



* In response to recent regulatory changes, we are revamping our Fintech credit card delivery architecture and strengthening controls. We will soon complete the process and ensure we meet all regulatory requirements and deliver an exceptional customer experience.

7,33,189
Cards

₹ 2,369 Crore
Book size of Fintech Co-branded Credit Cards

79.17%
Share of Fintech Credit Cards in Bank's Credit Card Business

Liability Partners



Support Systems



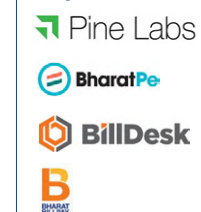
Instant Digital Loans



Gold



EMI and Merchant Payments



Cross-Border Remittance Solution



13
API Bundles

75+
Partners

400+
APIs

Saving Franchise Partnerships

We target digitally native salaried millennials under this segment for cross-selling.

2%
Fintech Share in CASA Balance for March 2024

Personal Loans

38%
Share as at March 2024

OTHER PARTNERSHIPS

Singapore Airlines

We reward customers for using Federal Bank Cards through various loyalty programs, allowing them to redeem points for a wide range of products and services via our rewards portal.

For our travel aficionados, we offer 'Kris Flyer Miles', a Singapore Airlines loyalty programme, wherein cardholders can convert their reward points to KF miles and use it to avail benefits offered by the programme.

Collinson

The Bank has partnered with the Collinson Group for providing 'Airport lounge' access on Credit as well as Debit Cards, tailor-made for frequent travellers. This partnership provides benefits such as complimentary access to multiple airport lounges in India and overseas. Cardholders can take a quick break at the designated lounges and satiate their appetite before they embark on their journey.

National Bank of Oman

We also collaborated with the National Bank of Oman to facilitate money transfer from Oman to India.

Mashreq Bank showcases Federal Bank's Digital Account Opening for NRIs' at Innovation Hub*

Mashreq Bank, one of the leading Banks in the UAE, and one of our key partners, launched the Mashreq Innovation Hub, to showcase several innovations they are introducing to their customers, investors and public. We are happy that our project – 'Digital Account Opening for NRIs' is one of the first four innovations that they chose to exhibit in the hub.

Federal Bank has strategic partnership with Mashreq NEO, a full-service digital offering from Mashreq Bank, a leading bank in the UAE. This partnership enables Mashreq Neo's Indian customers to open a Non-Resident account with Federal Bank in India. Through this, Federal Bank can deliver the best of banking services to the Indian diaspora in the UAE.

* To enhance the experience and ensure even more robust security, the product is currently on a strategic pause.

Communities

Giving Back to Our Society

Our commitment to CSR has been deeply rooted in our founding values of trust and social welfare. From cultivating banking habits in agricultural societies to creating employment opportunities for underprivileged youth, our initiatives have evolved around Sustainable Development Goals. We prioritise community welfare and growth in all our operations, ensuring alignment with their best interests.

Our CSR activities are carried out through the Federal Bank Hormis Memorial Foundation (FHMF)

SANJEEVANI, UNITED AGAINST CANCER



17,000+ Services Offered

3,168 Unique Beneficiaries



'Sanjeevani' is an initiative by Federal Bank Hormis Memorial Foundation, News 18 Network and Tata Trusts to build awareness, and encourage screening and testing for Cancer. The number of Cancer cases in the country is projected to go up from 14.6 Lakh in 2022 to 15.7 Lakh in 2025, according to the Indian Council of Medical Research National Cancer Registry Programme.

The mission is two-fold:

- To raise awareness about cancer: To encourage people to undergo regular screening for early detection. For cancer, early diagnosis is crucial for successful treatment and improved patient outcomes. On a global scale, 30% cancer patients lose their lives due to late-stage detection,

while 70% achieve a reprieve due to early detection facilitated by awareness. Unfortunately, this ratio is reversed in India.

- To provide Financial Relief: Recognising the financial burden of cancer treatment, Sanjeevani, offers Financial Assistance to patients belonging to EWS/BPL. This usually covers essential treatment equipment, medication, or other monetary needs.

In addition, Sanjeevani provides a wealth of resources to empower patients and caregivers including stories and blogs, extensive awareness campaigns, interactive quizzes, expert talks, widespread communication and community engagement.

SPEAK FOR INDIA



6,65,000 Student Participation Over the Years

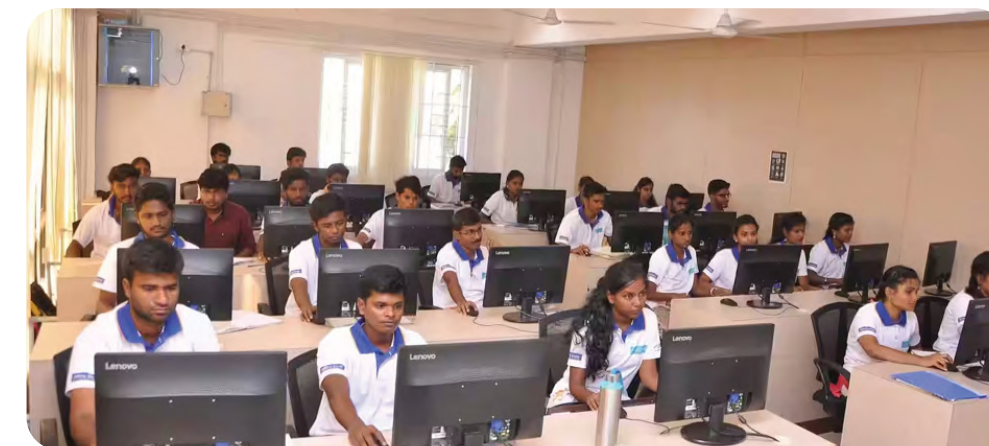


Speak for India is an initiative to empower young Indian minds through debate. Established in 2014 by the Federal Bank, it has grown to become the largest inter-collegiate debate competition in the country. It spans seven states – Kerala, Karnataka, Tamil Nadu, Maharashtra, Gujarat, West Bengal, and Delhi NCR. The competition works with a mission to provide a powerful platform for young college students across India to voice their opinions on critical issues facing India and the world. The competition tackles relevant

topics like artificial intelligence, social media, and the demographic dividend, encouraging students to think critically about the world around them. Renowned personalities like Vimlendu Jha and Vandana Shiva interacted with students, enriching their understanding of complex issues.

Beyond developing their communication and critical thinking skills, this initiative builds future leaders by fostering healthy competition and debating skills.

FEDERAL SKILL ACADEMY: EMPOWERING YOUTH THROUGH SKILLS TRAINING



5,460 Beneficiary Trainees from the Centres Cumulatively

1,518 Beneficiary Trainees in FY 2023-24



The Federal Skill Academy (FSA) provides skill training and employment opportunities for underprivileged youth. Seven skill centres have been established across Kochi, Coimbatore, Kolhapur, Faridabad, Belgaum, Vijayawada and Ambattur.

Communities

SWACHH BHARAT ABHIYAN: MAKING MOOKKANNOOR ONE OF THE CLEANEST CITIES IN INDIA



4,569
Bio-bins Added

325+
Bio-bags Distributed

240+
Menstrual Cups Distributed



During the launch of our founder K P Hormis' Birth Centenary Celebrations at Mookkannoor on October 18, 2016, we decided to adopt Mookkannoor village, the birthplace of our beloved founder. In 2023, we launched Mission Mookkannoor, a flagship initiative aligned with Swachh Bharat Abhiyan with a goal to elevate Mookkannoor to India's cleanest and greenest village. This three-year initiative, guided by the KP Hormis Educational and Charitable Society and the Panchayat, will be executed in phases as below:

- Swachh Bharat and Sanitation: This includes waste management, processing and disposal of plastic and e-waste, and construction of toilets at various locations.
- Environmental Sustainability: This will include planting saplings at multiple locations, planting garden bushes at the roadside, etc.
- Community and Social Service: The Bank will support a geriatric care centre, construction of bus shelters, raising traffic awareness to reduce accidents, providing drinking water facilities at various locations, installing CCTV at various locations, upgrading existing library etc.
- Renewable Energy: The Bank will install a 10 kW power plant at the PHC, supporting an e-charging station for autos/four-wheelers, and converting existing streetlights into solar-powered ones.
- Mission Clean Mookkannoor was inaugurated on October 18, 2023, by our MD & CEO Mr. Shyam Srinivasan. The project is proposed to be implemented over 3 years in 3 phases at a total cost of ₹12.34 Crore. We have allocated ₹ 2 Crore for the first phase of the project.

BEACH CLEAN-UP DRIVE AT AKSA BEACH IN MUMBAI ZONE

As a part of the Swachh Bharat Abhiyan (Clean India Mission), Mumbai Zonal Office in association with 'Project Mumbai' and their team 'Jalosh' conducted a beach clean-up drive in Mumbai.



PROMOTING EDUCATION



4,061
Applications Received

476
Scholarships Granted during FY 2023-24



Since 2005, the Federal Bank Hormis Memorial Foundation has been providing scholarships to meritorious students from financially weaker sections of society to pursue various professional courses. In 2019, the wards of martyred army personnel and speech and hearing-impaired students were also included. The scholarships are given to students from Kerala, Tamil Nadu, Gujarat, Karnataka, Punjab and Maharashtra, pursuing Medicine (MBBS), Engineering (BE/B Tech), Agriculture (B.Sc), Nursing (B.Sc) and MBA.

We conducted a FHM Scholarship Ceremony on the eve of Founder's Day to facilitate the students in campus of Anand Agriculture University.

"It was a Landmark function in history of Anand Agriculture university whose pillars were set up in 1938 by Shri Sardar Vallabhbhai Patel. No Bank has taken such a wonderful and unique initiative which is not only impacting the Society as whole but also creating Brand Ambassadors for Future and empowering Education sector for people who cannot afford it, thanks to the Founder Shri K P Hormis."

~ K B Katheria (Vice Chancellor)

Communities

RISHTA DHARTI SE - GROW GREEN PROJECT



Federal Bank, in collaboration with Mathrubhumi, launched the 'Grow Green' initiative on World Earth Day, April 22, 2023, to promote organic farming among young students in Kerala. 100 students from each revenue district received 10 grow bags filled with potting mix and saplings of five types of vegetables. These students were selected from various schools. Additionally, the initiative included a Fruit Bank programme, distributing

fruit tree saplings to participants across the state. Students planted these saplings on Environment Day, June 5, 2023. With the assistance of teacher coordinators, students documented the growth of these plants, submitting an annual report on Earth Day, March 22, 2024. The project inspired young minds to promote sustainable practices for greener future.



PLANTING OF 5,000 MILLET SEEDS BY 5,000 STUDENTS

There are over 14 Lakh severely malnourished children in India, according to the Government's Poshan tracker. Recognising the critical need for better nutrition, the Government of India declared 2023 as the International

Year of Millets. In response, Federal Bank partnered with Bodhi Charitable Trust and Kurukshetra IAS Academy to raise awareness about the nutritional benefits of millets and combat malnutrition. In a remarkable effort, around 5,000 students planted 5,000 millet seeds in just one minute, achieving recognition in the Asia Book of Records.

'GO-GREEN PLUS'

Federal Bank has become one of the pioneers in the banking sector to take proactive steps in reducing Scope 3 emissions from downstream activities. It has subscribed to DHL's innovative 'Go-Green Plus' plan, a solution designed to significantly reduce the Bank's carbon emissions associated with export and import document transport worldwide. It utilises Sustainable Aviation Fuel (SAF) to offset carbon emissions generated by courier services, a significant component of the Bank's Scope 3 emissions.



DHL's data indicated that Federal Bank's emissions from overseas couriers amounted to approximately 45 tonnes in the calendar year 2023. With the implementation of 'Go-Green Plus', these emissions are expected to reduce by 30% initially in 2024, with the potential for further reduction in the future.

Key features of the 'Go-Green Plus' initiative include:

- Insetting for Carbon Emission Reduction: Actively contributes to reducing the Bank's Scope 3 emissions through in setting.
- Book and Claim Methodology: Ensure supply chain continuity with minimal disruption.
- User-Friendly Integration: A plug-and-play model for easy adoption into the Bank's operations.
- SGS Validated Emission Reports and Certificates: Credible and globally recognised validation of the Bank's annual carbon emission reduction.

By subscribing to the 'Go-Green Plus' plan, Federal Bank reinforces its commitment to the 'Green Move' and takes a significant step forward in its ESG journey.

TRAFFIC BARRICADES TO KOLKATA TRAFFIC POLICE

As part of the Bank's 'Calcutta to Kolkata: 50 Years in the City of joy' celebrations, 100 portable traffic barricades were sponsored to Kolkata Traffic Police.



Communities

HEALTHCARE SUPPORT TO DIFFERENTLY-ABLED



Federal Bank carried out various projects for the benefit of differently abled persons such as:

We are helping Welfare Services, Ernakulam, also known as Sahrudaya Services, an NGO, with the construction of a skill-centre-cum-day-care facility for differently-abled persons.

Mann Centre is a 12-year-old non-profit organisation, which runs various programmes to train Persons with Intellectual Development Disability (PwIDD) and offer them gainful employment. This financial year, we supported the organisation to implement an in-house training programme called Karmann to impart lessons in life skills and tailoring for PwIDD.

Additionally, we provided support for the construction of a therapeutic park and for purchasing school buses for the conveyance of differently-abled children.

Other major healthcare support activities

- Elderly care in India continues to face medical, social, and economic challenges. To provide routine individualised care to geriatrics at hospitals/ homes/old age homes/community centres, etc. we conducted a Geriatric Care Skilling Programme

exclusively for women at the Federal Skill Academy, Kochi.

- Federal Bank started the General Duty Assistance Course at Federal Skill Academy, Coimbatore, this financial year.
- We extended support for the installation of RO plants and the setting up of drinking water facilities at various schools, hospitals, and public places. We also supported palliative care services, purchasing vehicles for providing home care services to bedridden patients. We helped purchase medical equipment such as dialysis machines, ECG machines, and ambulances for government hospitals.

Through these projects, we enable the less privileged sections of society to lead dignified lives.

Welfare and Poverty Alleviation

We are committed to creating positive social impact on communities we work with. We work for upliftment of economically backward sections. We support initiatives that fight malnutrition and promote healthy living. We champion the right to education of socio-economically disadvantaged children by associating with various government initiatives and NGOs across India. We were part of flood relief measures in Chennai.

FOUNDER'S DAY CSR ACTIVITIES

Every year, we celebrate October 18, the birthday of our founder, as the CSR day of our Bank. This year too Founder's Day CSR activities were conducted across all zones.

PROMOTING WOMEN EMPOWERMENT

We believe that empowering women and improving their financial status is contributing to sustainable development. We conducted self-employed tailoring programmes for women in Federal Skill Academies at Kochi and Coimbatore. On completion of the courses, we donated sewing machines to candidates to enable them to earn livelihood. We also supported the Salesian Sisters of Northern India, Shillong, in distributing 50 sewing machines among underprivileged women to promote self-employment.

PROMOTING ENVIRONMENT SUSTAINABILITY, SWACHH BHARAT AND DEVELOPMENT PROJECTS

We give support to various municipalities in a number of sustainability initiatives.

Sustainability Initiatives	Municipalities Supported	Numbers
Solar Street Lights	Virudhunagar Municipality	20
	Kattappana Municipality	68
Energy Efficient Lighting systems	Rasipuram Municipality	90
	Namakkal Municipality	90
Procuring electric vehicles for solid waste management	Salem Municipality	7
	Dindigul City Municipal Corporation	5
Installation of end-to-end software solution for solid waste management	Nagercoil City Municipal Corporation	1
	Tirunelveli Corporation	1
A high mast solar streetlight and renovation of the park	Madurai Corporation	1

Development projects include:

- Support to Aluva Municipality for installing new signboards

Promoting Digitisation

We facilitated the Chennai Municipality in establishing a control-cum-training hall and aided Kalamasery Municipality in digitising the rent collection processes. Additionally, we assisted in the provision of desktop computers, networking infrastructure, and the digitisation of accounting systems for the office of the Regional Commissioner of Municipalities in Gandhinagar, Gujarat.

PROMOTING SPORTS AND CULTURE

Federal Bank has supported various organisations/educational institutions for the promotion of sports.

Initiatives

Type of Support Extended	Support to
For the construction of a basketball court	Patna City Municipal Corporation
For running the Academy for one year	Kochi City FC, Aluva
For training expenses of men and women's teams in FY 2023-24 season	Sree Gokulam Football Club Pvt. Ltd., Chennai.
Towards training expenses, mess expenses, salaries of coaches, etc. for the senior team during the FY 2023-24 season	Kovalam FC



Beyond Banking: Spreading Holiday Cheer

We Federals have their heart in the right place! The Archdiocese of Verapoly organised a special get-together for the special children for celebrating Christmas and New Year at Broadway, Ernakulam. This event was taking place in the close vicinity of the Bank branch and the staff members wanted to use this opportunity to make the occasion even more joyous for the kids. Br. Ernakulam/Broadway immediately coordinated with various verticals in a short time and arranged to donate 200 food kits to the children as a New Year gift, as part of the Bank's CSR activities.

Note:

Rights of indigenous people: There were no cases of discrimination and corrective actions taken during the reporting period.

Operations with significant actual and potential negative impacts on local communities include the location of these operations and their substantial negative effects. Due to the nature of our business, there are no such impacts are identified.

Governance

A Clear Demonstration of Integrity

Federal Bank is strongly dedicated to maintaining the highest standards of governance, ethics, and integrity. To safeguard the security and stability of our banking services, we adopt best-in-class banking practices and maintain strong institutional governance and risk frameworks. These frameworks and practices undergo periodic review to adapt to the evolving operating environment.



Federal Bank upholds robust governance principles ingrained in sound management practices, legal compliance, and the highest standards of transparency and ethics. Our stakeholder engagement fosters a culture of ethical behaviour, individual accountability, and transparent disclosure at all levels.

Our well-informed Board of Directors, empowered by established systems and procedures, provides strategic direction for long-term value creation for all stakeholders. We champion sustainable business practices and prioritise creating a safe and healthy work environment to be the employer of choice.

Recognising the value of diversity, we ensure that our Board's composition reflects a variety of perspectives aligned with our evolving needs. This enhances the Board's effectiveness and upholds the highest corporate governance standards. The Board works efficiently through various committees formed.

We have implemented a Code of Corporate Governance and Code of Conduct for the Board of Directors and the Management. All members of the Board and the Senior Management Personnel shall affirm compliance with it on an annual basis. We also have a Code of Ethics and Business Conduct for employees, which provides 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 uphold values and high standards of ethics.

We maintain a zero-tolerance policy towards any instances of unethical behaviour. To ensure adherence to ethical standards, we ensure that all employees and Directors are well-versed in our Code and strictly adhere to its principles. Moreover, we have implemented a range of policies to effectively address crucial areas such as anti-bribery and corruption, fraud prevention,

protection for whistleblowers, and the prevention of insider trading, among other significant concerns.

We have a Board-approved Whistle Blower Policy named the Protected Disclosure Scheme (PDS), where various stakeholders can lodge complaints/disclosures under the policy. The Whistleblower has assured secrecy of identity and confidentiality of the complaint/disclosure lodged under the policy. The Vigilance Department conducts thorough investigations into PDS complaints and reports the findings to the Managing Director & CEO. Quarterly reports are presented to the Audit Committee of the Board, ensuring transparency and accountability.

The Board embodies a diverse spectrum of professionalism, knowledge, expertise, and experience pertinent to the banking sector. In discharging its responsibilities and providing effective leadership,

the Board upholds corporate values, promotes an ethical culture, endorses sustainability, and leverages innovation. Independent Directors play a pivotal role in upholding Corporate Governance standards and ensuring fairness in decision-making. Drawing upon their expertise in various domains, they offer independent judgment on matters concerning strategy, risk management, controls, and business performance.

The Bank's Board comprises of highly experienced and competent individuals of notable integrity. They possess strong financial acumen, strategic astuteness, leadership qualities, and are committed to the Bank, devoting sufficient time to meetings and preparation.

The Board has complete access to all information within the Bank. All the meetings are conducted as per a well-designed and structured agenda and in line with the compliance requirement under the Companies Act, 2013, SEBI Listing Regulations and applicable Secretarial Standards prescribed by ICSI.

Governance



The composition of the Board adheres to relevant provisions outlined in the Companies Act, 2013, along with the accompanying rules, the SEBI Listing Regulations, the Banking Regulation Act, 1949, guidelines issued by the Reserve Bank of India (RBI), as amended periodically, and the Articles of Association of the Bank.

BOARD TRAINING

To enhance the collective knowledge, skills, and expertise of the highest governance body on sustainable development, our Bank organised various familiarisation programmes for our Directors.

18

Training and Awareness Programmes Held for the Board

100%

Directors in Respective Categories Covered by Awareness Programmes

BOARD PERFORMANCE EVALUATION

Following the provisions of the Companies Act, 2013, Regulation 17 (10) and other applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Board is mandated to conduct an annual performance evaluation.

This evaluation encompasses the performance of the Board as a whole, individual Directors, and the functioning of its various committees for the relevant year. To initiate the evaluation process, a structured questionnaire is developed, considering inputs from the Directors. The questionnaire covers various aspects of the Board's functioning, including the adequacy of its composition and committees, Board culture, and the execution of specific duties, obligations, and governance. The evaluation is carried out internally. The outcome of the Board evaluation is treated with utmost confidentiality. Please refer to Page 115 of the Board's Report for details regarding the evaluation process and the Directors' views.

BOARD REMUNERATION POLICIES

The remuneration proposed for Executive Directors (EDs) by the Nomination, Remuneration, Ethics and Compensation Committee (NRC) and Board, undergoes a two-step approval process. It is approved by the Reserve Bank of India (RBI) and the shareholders of our Bank. The voting results of the General Meeting/Postal Ballot, including the remuneration approvals, can be accessed on our Bank's website and stock exchanges. Furthermore, in the case of Independent Directors, any proposed fixed remuneration must also receive approval from the shareholders. The NRC and Board put forward this proposal, and it is subject to the shareholders' scrutiny and endorsement.

COMPENSATION

The ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual) is 27.69. The ratio of the

percentage increase in annual total compensation for the organisation's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) is 0.60.

FRAUD REPORTING

Along with the other reporting done to the Board/Board Committee of the Bank, various reports on fraud cases reported to the RBI by the Bank are placed before the Board/Board Committee as per regulatory guidelines.

Further, the Bank has formulated the Protected Disclosure Scheme (PDS)/Whistle blower policy which

enables various stakeholders, including Directors, employees, customers, and the public to report irregularities. Cases reported under PDS are placed before the respective Board Committee.

During FY 2023-24, Bank reported 12,240 fraud cases with an aggregate amount involved of ₹ 127.77 Crore to the RBI. These cases were duly placed before the Board/Board Committee. Further, complaints received by the Bank under PDS/Whistle blower policy are duly placed before the respective Board Committee.

There were no confirmed cases of corruption during the year. We do not make any political contributions.

BOARD COMMITTEES

To work on making informed decisions and specific recommendations in our Bank's best interests, Federal Bank has established various Committees of Directors to monitor the activities falling within their terms of reference, including all the amendments made in the regulatory laws from time to time and presented it to the Board. These committees are responsible for making informed decisions in their scope. The details of the Committees are noted in the 'Board Committee and its Terms of Reference' in the Corporate Governance Report Section of this Annual Report.

Audit Committee

Risk Management Committee

Stakeholders Relationship Committee

Human Resource Committee of the Board

Special Committee of the Board for Monitoring and Follow-up Cases of Fraud

Customer Service, Marketing Strategy and Digital Banking Committee

Credit, Investment and Raising Capital Committee

Nomination, Remuneration, Ethics & Compensation Committee

Review Committee of the Board on Non-Cooperative Borrowers and Identification of Wilful Defaulters

Information Technology and Operations Committee

Corporate Social Responsibility Committee

Certifications achieved



- Information Security Management System
- Business Continuity Management System
- Payments Card Industry Data Security Standard

Note:

The Committees are established as per relevant provisions of the Companies Act, 2013 (the Act) and relevant rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Banking Regulation Act, 1949, the guidelines issued by the Reserve Bank of India, as amended, from time to time and the Articles of Association of the Bank ('the extant laws').

Governance

Board of Directors

BOARD FUNCTIONING

The Board maintains an optimal balance between Executive and Non-Executive Directors. Our Chair is Non-Executive Independent person. Independent Directors constitute more than one-third of Board's total strength. This composition fulfils legal requirements and also ensures a diversified Board, incorporating a rich mix of experiences, expertise, and professionals. Except for the MD & CEO and two Executive Directors, all other members are Independent Directors.

73%

Independent Directors on Board

18%

Women's Representation on Board



Governance

Key People



As on March 31, 2024



Governance

Corporate Information

Board of Directors

Abhaya Prasad Hota

Part time Chairman & Independent Director

Siddhartha Sengupta

Independent Director

Manoj Fadnis

Independent Director

Sudarshan Sen

Independent Director

Varsha Vasant Purandare

Independent Director

Sankarshan Basu

Independent Director

Ramanand Mundkur

Independent Director

Elias George

Independent Director

Shyam Srinivasan

Managing Director & CEO

Shalini Warriar

Executive Director

Harsh Dugar

Executive Director

Key Managerial Personnel

Shyam Srinivasan

Managing Director & CEO

Shalini Warriar

Executive Director

Harsh Dugar

Executive Director

Venkateswaran Venkatraman

Group President & CFO

Samir Pravinchandra Rajdev

Company Secretary

Registered Office

Post Box No. 103, Federal Towers, Aluva-683 101, Kerala, India.
Ph: 91-484 2623620-29
Corporate identification Number L65191KL1931PLC000368

Joint Statutory Auditors

Suri & Co, Chartered Accountants, Chennai

MSKA & Associates, Chartered Accountants, Mumbai

Registrar and Transfer Agent

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

Debenture Trustees

- Beacon Trusteeship Limited
7A & B, Siddhivinayak Chambers, Gandhi Nagar, Opp MIG Cricket Club Bandra (East), Mumbai 400 051
- IDBI Trusteeship Services Limited Universal Insurance Building, Ground Floor, Sir P M Road, Fort, Mumbai - 400 001

Subsidiaries and Associate Companies

Listed Subsidiary

Fedbank Financial Services Limited

Unlisted Wholly Owned Subsidiary

Federal Operations and Services Limited

Associates

Ageas Federal Life Insurance Company Limited

Equirus Capital Private Limited

BOARD'S REPORT

To
The Members of
The Federal Bank Ltd.,

Your directors are pleased to present the 93rd Annual Report on the business and operations of The Federal Bank Limited ("the Bank"), together with the audited accounts for the Financial Year (FY) ended March 31, 2024. Your Board is voluntarily publishing its first Integrated Report prepared as per Integrated Reporting framework laid down by the International Integrated Reporting Council. It outlines Bank's commitment to stakeholder value creation and defines the actions it takes and outcome it achieved for its stakeholders.

1. CORPORATE OVERVIEW

Your Bank is driven by the quest to be one of the most admired banking institutions in the country and is the preferred Personal, NRI and Business banking partner for a growing expanse of customers across India, in both urban and rural areas. Bank's mantra is "Digital at the Fore and Human at the Core". That means Redefining human experience, the digital way has been our constant goal for a while now.

2. FINANCIAL HIGHLIGHTS

2.1. Consolidated:

	(₹ in Crore)	
	FY 2023-24	FY 2022-23
Total Income	26,781.95	20,248.01
Total expenditure, excluding provisions and contingencies	21,261.37	15,186.44
Operating Profit	5,520.58	5,061.57
Provisions and contingencies, excluding provision for tax	259.58	798.63
Profit Before Tax	5,261.00	4,262.94
Provision for Taxes	1,333.47	1,087.18
Profit After Tax	3,927.53	3,175.76
Less: Minority Interest	83.61	45.10
Add: Share in Profit of Associates	36.51	34.06
Consolidated Profit for the Group	3,880.43	3,164.72
Earnings per equity share:		
Basic (₹)	16.76	15.01
Diluted (₹)	16.55	14.85

2.2. Standalone:

	(₹ in Crore)	
	FY 2023-24	FY 2022-23
Total Income	25,267.53	19,133.63
Total expenditure, excluding provisions and contingencies	20,093.05	14,339.24
Operating Profit	5,174.48	4,794.39
Provisions and contingencies, excluding provision for tax	196.10	749.89
Profit Before Tax	4,978.38	4,044.50
Provision for Taxes	1,257.78	1,033.91
Profit After Tax	3,720.60	3,010.59
Add: Surplus brought forward from the previous year	5,385.27	4,105.55
Amount available for appropriation	9,105.87	7,116.14
Appropriations:		
Statutory Reserve under Section 17 of the Banking Regulation Act, 1949	930.15	752.65
Transfer to Capital Reserve	81.76	11.32

	(₹ in Crore)	
	FY 2023-24	FY 2022-23
Transfer to Special Reserve	173.68	160.69
Transfer to Investment Fluctuation Reserve Account	66.84	0.97
Transfer to Investment Reserve	16.24	-
Transfer to Revenue Reserves	554.25	426.57
Dividend pertaining to previous year paid during the year	234.91	378.66
Surplus carried to Balance Sheet	7,048.02	5,385.27
Financial Position		
Deposits	252,534.02	213,386.04
Advances	209,403.33	174,446.88
Total Business (Deposits + Advances)	461,937.35	387,832.92
Other Borrowings	18,026.42	19,319.29
Investments	60,859.53	48,983.35
Total Assets (Balance Sheet Size)	308,311.80	260,341.83
Equity Capital	487.07	423.24

2.3. Key performance indicators

Key performance indicators	FY 2023-24	FY 2022-23
Interest Income as a percentage to Working Funds* (%)	7.86	7.13
Non-interest income as a percentage to Working Funds* (%)	1.09	0.99
Cost of Deposits (%)	5.63	4.58
Net Interest Margin (%) **	3.20	3.37
Operating Profit\$ as a percentage to Working Funds* (%)	1.83	2.04
Return on Assets [Based on Average Working Fund] *(%)	1.32	1.28
Business (Deposits less inter-Bank deposits plus advances) per employee (Amount in ₹ Crore) ***	31.92	29.36
Profit per employee (Amount in ₹ Crore) ***	0.26	0.23

Notes:

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

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

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

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

3. FINANCIAL PERFORMANCE OF THE GROUP

Subsidiaries and the Associate Companies of the Bank continued to deliver steady performance. Consolidated net profit attributable to the group for FY 2023-24 is ₹ 3,880.43 Crore as against ₹ 3,164.72 Crore in FY 2022-23.

4. SUBSIDIARIES, JOINT VENTURES, AND ASSOCIATES

As on March 31, 2024, the Bank has following subsidiaries and associate companies:

Sl. no.	Name of the subsidiary/ associate company	Subsidiary/associate	Business activity	% of shares held by the group
1	Federal Operations and Services Limited	Subsidiary	The company is engaged in the back office operational services for the Bank	100.00%
2	Fedbank Financial Services Limited	Subsidiary	Marketing of Bank's own products and lending against gold and property.	61.58%
3	Ageas Federal Life Insurance Company Limited	Associate	Life Insurance Co. regulated by IRDA.	26.00%
4	Equirus Capital Private Limited	Associate	The Company is engaged in investment banking. The company caters to both domestic and international market	19.59%

4.1. Federal Operations and Services Limited

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

As on March 31, 2024, FedServ's Board of Directors has following five members-

- Mr. Siddhartha Sengupta, Non-Executive Director & Chairman
- Mr. Venkatraman Venkateswaran, Non-Executive Director
- Mr. Ajith Kumar K. K., Non- Executive Director
- Mr. Johnson K Jose, Non- Executive Director
- Mr. Prashant Preman, Wholetime Director

During the year ended on March 31, 2024, FedServ has taken significant operational activities of the Bank which includes LCRD back office, document scanning and application support. FedServ is carrying out 125 operational activities of the Bank as on March 31, 2024. The Company does not deal in loans and advances, nor does it accept deposits. FedServ is operating from three locations: - Kochi in Kerala, Visakhapatnam in Andhra Pradesh, and Bengaluru in Karnataka.

The total revenue of FedServ for the year ended on March 31, 2024, was ₹ 78.51 Crore. ₹ 76.47 Crore pertains to services provided by the Company to the Bank and ₹ 2.04 Crore relates to the indirect incomes. The Company had a profit before tax of ₹ 7.18 Crore for the year ended on March 31, 2024. The Net worth of FedServ at the beginning of the year was ₹ 20.62 Crore and closing net worth of FedServ as on March 31, 2024, was ₹ 26.18 Crore.

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

The Profit after tax of the Company for the year ended March 31, 2024, increased to ₹ 5.98 Crore from ₹ 4.78 Crore for the year ended March 31, 2023. The total assets of the Company increased to ₹ 35.54 Crore as on March 31, 2024, from ₹ 26.07 Crore as on March 31, 2023.

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 Kerala at Kochi under the Companies Act, 1956, and was granted a certificate of incorporation by the Registrar of Companies, Kerala at Kochi. The Reserve Bank of India has, pursuant to the certificate of registration dated August 24, 2010, granted 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. It has 621 branches as of March 31, 2024, across India providing multiple loan products to various segments of borrowers.

Fedfina's Board of Directors comprises of the following eight members as on March 31, 2024:

- Mr. Balakrishnan Krishnamurthy- Chairman and Independent Director
- Mr. Anil Kothuri - Managing Director and Chief Executive Officer
- Mr. Shyam Srinivasan - Non-Executive Director
- Ms. Gauri Rushabh Shah - Independent Director
- Mr. Maninder Singh Juneja - Non-Executive Nominee Director
- Mr. Ashutosh Khajuria - Non-Executive Nominee Director
- Mr. Ramesh Sundararajan - Non-Executive - Independent Director
- Mr. Sunil Satyapal Gulati - Non-Executive - Independent Director

The successful launch of Initial Public Offer (IPO) of Fedfina marked a significant milestone in the Company's journey of growth and development. The IPO debuted on both the National Stock Exchange Limited and BSE Limited in November 2023. With an IPO size of ₹ 10.9 Billion, it was oversubscribed by over 2.24 times, with roughly 2.5 Lakhs investors choosing to participate in our goal to empower India. Fedfina's credit ratings also improved to AA+/Stable by CARE ratings and India Ratings, while CRISIL assigned us AA/Positive rating, highlighting the increased confidence of our stakeholders.

The total revenue of Fedfina for the financial year ended on March 31, 2024, is ₹ 1,623.00 Crore as against ₹ 1,214.67 Crore for the financial year ended March 31, 2023. The revenue increased by 34% on the back of growth of 22% in loan book during the year. The net profit of the Company increased by 36% to ₹ 244.70 Crore for the financial year ended March 31, 2024, as against ₹ 180.13 Crore for the financial year ended March 31, 2023. The Net worth of Fedfina at the beginning of the financial year, that is, April 1, 2023, was ₹ 1,355.68 Crore and closing Net worth of Fedfina as on March 31, 2024, was ₹ 2,260.83 Crore.

The total AUM of Fedfina as on March 31, 2024, was ₹ 12,191.9 Crore as against ₹ 9,069.6 Crore as on March 31, 2023. The net profit for the company stood at ₹ 244.7 Crore for the year ended on March 31, 2024 as against ₹ 180.1 Crore in the previous year.

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

4.3. Associate Companies

As on March 31, 2024, the Bank has two Associate Companies named M/s. Ageas Federal Life Insurance Company Limited (Formerly known as IDBI Federal Life Insurance Co Ltd.) and M/s. Equirus Capital Private Limited.

4.3.1. M/s. Ageas Federal Life Insurance Company Limited - Joint Venture in Life Insurance Business

The Bank's Joint Venture Life Insurance Company, in association with Ageas Insurance International N.V., namely Ageas Federal Life Insurance Company Limited, commenced the operations in March 2008. As on March 31, 2024, the Bank has a total stake of ₹ 208 Crore in the equity of the Company holding 26% of the equity capital. The total premium collected by Ageas Federal Life Insurance Company Limited during the period ended March 31, 2024, was ₹ 2,697.4 Crore. The Company has declared final dividend of 10.70% for the FY 2023-24.

On the financial front, the company has made a net profit of ₹ 106.97 Crore in FY2023-24. This was the 12th consecutive year of profit for the company. The total premium rose by 17.8% to ₹ 2,697.40 Crore in FY 2023-24 from ₹ 2,289 Crore in FY2022-23.

Mr. Shyam Srinivasan, Managing Director, and Chief Executive Officer and Ms. Shalini Warriar, Executive Director of the Bank are Non-Executive Directors in Ageas Federal Life Insurance Company Limited.

4.3.2. M/s. Equirus Capital Private Limited - Investment Banking Associate

As of March 31, 2024, Bank holds 19.59% equity stake in Equirus Capital Private Limited. Pursuant to the right of proportionate representation on the Board as well as the power to participate in the financial, operational matters like approval of the business plans, policies, budgets, managerial remuneration, change in KMP etc., the same has been treated as an associate concern as per AS 23 Accounting for Investments in Associates in Consolidated Financial Statements. Equirus Capital Private Limited is a private company domiciled in India and is engaged in the business of Investment banking. It has 4 subsidiaries named Equirus Securities Private Limited, Equirus Insurance Broking Private Limited, Equirus Wealth Private Limited and Equirus Finance Private Limited. The total turnover of Equirus Capital Private Limited on a consolidated basis was ₹ 235.18 Crore in FY 2024 against ₹ 157.60 Crore for FY 2023.

Mr. Lakshmanan Venkateswaran, EVP & Head - Treasury (Treasurer) of the Bank is a Nominee Director on the Board of Equirus Capital Private Limited.

The Consolidated Financial Statements of the Bank along with its Subsidiaries and Associate prepared for the year 2023-24 in accordance with relevant Accounting Standards issued by ICAI forms part of this Annual Report.

The financial position and performance of its Subsidiaries & Associates are given in Form AOC-1, the statement

containing salient features of the financial statements of the subsidiaries/Associate Companies/Joint Venture form part of the Annual Report.

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

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

5.1. Financial performance

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

- (i) Broad-based robust credit growth of 20% on a YoY basis.
- (ii) Balance Sheet size crossed ₹ 3.08 Lakh Crore.
- (iii) Total Deposit crossed ₹ 2.52 Lakh Crore.
- (iv) The Total Advances (Net) at ₹ 2.09 Lakh Crore.

During the year under review, CRAR of the Bank has increased to 16.13% for the FY 2023-24 as against 14.81% in the previous year, after considering dividend @ 60% of paid-up capital. Net worth has improved to ₹ 29,089.41 Crore from ₹ 21,419.49 Crore. Total Debts to Total Assets has reduced to 5.85% from 7.42%.

As on March 31, 2024, Gross advances increased by ₹ 35,246.13 Crore (20%) to ₹ 212,622.66 Crore as compared to ₹ 177,376.53 Crore as March 31, 2023. Wholesale Book (gross of IBPC sale) of the Bank grew by 15% with Corporate Institutional Banking growing at 12% and Commercial Banking at 27% on Year-on-Year basis. Retail Book up by 25% with 20% growth in Core Retail segment, 28% growth in Agriculture segment, 21% growth in Business Banking segment, 57% growth in Commercial Vehicle/ Construction Equipment segment, 27% growth in gold loan segment and 141% growth in Micro Finance segment on a Year-on-Year basis.

With the expanding network of banking outlets and customers, the total deposits grew further from ₹ 2.13 Lakh Crore as on March 31, 2023, to ₹ 2.52 Lakh Crore as on March 31, 2024, registering a growth of 18%. The Current Account and Savings Account ('CASA') deposits have recorded an increase of 6% from ₹ 69,740.98 Crore as on March 31, 2023, to ₹ 74,199.74 Crore as on March 31, 2024. Investments increased by ₹ 11,876.18 Crore to ₹ 60,859.53 Crore for FY 2023-24 from ₹ 48,983.35 Crore as on March 31, 2023, which is up by 24%.

During the FY under review, the total income of the Bank has increased by 32% to ₹ 25,267.53 Crore as against the total income of ₹19,133.63 Crore for FY 2022-23. The Net Profit of the Bank grew by 24% to ₹ 3,720.60 Crore as against ₹ 3,010.59 Crore in the previous year. Operating profit for the year ended increased by 8% to ₹ 5,174.48 Crore from ₹ 4,794.39 Crore. The profit margin for the year ended decreased to 14.72 % as against 15.73 % in the previous year.

Consequently, Return on Average Equity ('ROAE') was 14.73 as against 15.02 for FY 2022-23 and Return on Average Asset ('ROAA') was 1.32% as against 1.28% for FY 2022-23. Correspondingly, Basic earnings per share ('EPS') increased from ₹ 14.27 to 16.07 as at the end of FY 2023-24 in comparison to FY 2022-23 whereas diluted earnings per share ('DEPS') is up from ₹ 14.13 to 15.87.

5.2. Asset Quality

The Gross NPA of the Bank as on March 31, 2024, stood at ₹ 4529 Crore. Gross NPA as a percentage to Gross Advances is at 2.13%. The Net NPA stood at ₹ 1255 Crore and Net NPA percentage is at 0.60% as on March 31, 2024. The Provision Coverage Ratio (excluding technical write offs) stood at 71.08 as on March 31, 2024.

5.3. Outreach of Bank presence & network

During the FY under review, the Bank has added 141 new banking outlets taking the total count of banking outlets to 1504 as on March 31, 2024. Out of the total banking outlets, 259 are in metros, 216 are in rural, 742 in semiurban and 287 in urban.

Apart from above, the Bank has 2015 ATMs/ Recyclers Including 2 mobile ATMs as on March 31, 2024. The Bank also has its Digital Banking Unit at Kolkata, Representative Office at Abu Dhabi & Dubai and an International Financial Service Centre (IFSC) Banking unit (IBU) in Gujarat International Finance Tec-City (GIFT City).

5.4. Change in the nature of business.

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

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

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

6. DIVIDEND, DIVIDEND DISTRIBUTION POLICY & TRANSFER TO RESERVE

In accordance with Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) as amended, the Bank has formulated and adopted a dividend distribution policy,

which was reviewed by the Board. The policy is available on the website of the Bank at <https://www.federalbank.co.in/our-commitments>. During the year under review, ₹ 554.25 Crore was transferred to Revenue Reserves by the Bank.

In view of the overall performance of the Bank and while retaining capital to support future growth, the Board at its meeting held on May 2, 2024, 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 93rd Annual General Meeting (AGM). The record date for payment of dividend is mentioned in the notice of the ensuing 93rd 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, 2024. Further, shares issued on exercise of stock options after March 31, 2024, till record date will also be eligible for such proposed dividend. In terms of the Income Tax Act, 1961, the dividend income is taxable in the hands of the members. Therefore, the dividend will be paid to the members after deduction of applicable tax, if any. For details, shareholders are requested to refer to the Notice of 93rd Annual General Meeting of the Bank.

7. CAPITAL STRUCTURE & FUND RAISING

7.1. Share Capital.

Consequent to the allotment of equity shares as mentioned below, the total issued, and paid-up equity share capital of the Bank increased by ₹ 63.83 Crore to ₹ 487.07 Crore as on March 31, 2024, as compared to ₹ 423.24 Crore, as on March 31, 2023. The equity shares allotted on exercise of Stock options pursuant to Employee Stock Option Scheme rank pari-passu with the existing equity shares of the Bank.

7.1.1. Qualified Institutional Investment

Pursuant to the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and considering the growth aspirations, your Bank successfully completed Qualified Institutions Placement ("QIP") of 23,04,77,634 equity shares of face value of ₹ 2 each at an issue price of ₹ 131.90 per Equity Share (including a security premium of ₹ 129.90 per Equity Share) on subscription by Qualified Institutional Buyers ("QIB") aggregating to ₹ 3040 Crore. The issue was opened on July 19, 2023, and closed on July 24, 2023. The allotment of Equity shares was made on July 25, 2023. With respect to disclosure under Regulation 32(7A) of SEBI Listing Regulations, the Audit Committee of the Board at its meeting held on October 16, 2023, had reviewed, and confirmed that the funds raised through QIP issue during the year have been fully utilised for the intended object as mentioned in the offer document and

there was no deviation or variation in utilisation of the said funds. Further, no allotment was made to Promoter and Promoter Group under QIP.

7.1.2. Private Placement

During the year under review, the Bank had successfully raised funds of ₹ 958.75 Crore by issue of 7,26,82,048 equity shares of face value of ₹ 2 each at an issue price of ₹ 131.91 per Equity Share (including a security premium of ₹ 129.91 per Equity Share) on subscription by way of preferential allotment. Also, Bank has received an intimation from the Reserve Bank of India on September 28, 2023, that it has accorded its approval to International Finance Corporation (IFC) for acquiring aggregate holding of up to 9.70% of the paid-up share capital or voting rights of the Bank subject to the conditions specified therein. Accordingly, the allotment of Equity shares was made on October 11, 2023. The Audit Committee of the Board at its meeting held on January 16, 2024, had reviewed, and confirmed that pursuant to the Regulation 32(7A) of SEBI Listing Regulations, the funds raised through Preferential Allotment during the year have been fully utilised for the intended object as mentioned in the offer document and there was no deviation or variation in utilisation of the said funds. Further, no allotment was made to Promoter and Promoter Group under Preferential 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, and The Federal Bank Limited Employee Stock Option Scheme 2023 (ESOS 2023) and The Federal Bank Limited Employee Stock Incentive Scheme 2023 (ESIS 2023) on August 18, 2023. Whereas the approval for extension of The Federal Bank Limited Employee Stock Option Scheme 2023 and The Federal Bank Limited Employee Stock Incentive Scheme 2023 to employees of subsidiary company(ies) / associate company(ies) was not passed as per the voting results in the 92nd AGM held on August 18, 2023. Consequently, the respective clauses/statements in the Scheme Documents are deemed non-operational and invalid.

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

Under ESOS 2010, the Nomination, Remuneration, Ethics and Compensation Committee granted 3,47,20,200 options during the year 2011-12, 2,44,84,750 options during the year 2012-13, 2,60,94,250 options during the year 2013-14, 1,11,56,450 options during 2014-15, 10,25,000 options during the year 2015-16, 9,65,000 options during the year 2016-17, 1,00,000 options during the year 2017-18 and 55,29,550 options during the year 2023-24. 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 2024, 11,39,220 options had been exercised and as on March 31, 2024 58,97,550 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 and 1,05,000 options during the year 2023-24. 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 2024, 1,48,51,893 options had been exercised and as on March 31, 2024, 5,58,27,490 options were in force.

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

Under ESIS 2023, the Nomination, Remuneration, Ethics and Compensation Committee granted 25,000 options during the year 2023-24. The options granted which are non-transferable, with vesting period of 1 to 3 years subject to standard vesting conditions, must be exercised within four years from the date of vesting. As on March 31, 2024, no options had been exercised and 25,000 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.federalbank.co.in/web/guest/shareholder-information>.

7.3. Debt capital

As on March 31, 2024, Bank has an outstanding of 4,695 units rated, unsecured, redeemable, non-convertible, Basel III compliant tier II subordinated bonds aggregating to ₹ 1995 Crore.

7.4. Capital Adequacy Ratio

The Bank's overall Capital Adequacy Ratio (CAR) under Basel III stood at 16.13% at the end of fiscal 2024, well above the benchmark requirement stipulated by the RBI. Of this, the common equity tier I (CET I) CAR was 14.61% tier II CAR under Basel III stood at 1.52%.

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

8.1. Transfer of Unpaid/ Unclaimed Dividend to IEPF

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

As a result, the unclaimed/ unpaid dividend for the year 2015-16 amounting to ₹ 77,51,170 which remained unpaid and unclaimed for a period of 7 years has been already transferred by the Bank to the IEPF.

Further, the unpaid dividend amount pertaining to the financial year 2016-17 will be transferred to IEPF during the Financial Year 2024-25 within statutory timelines. Members are requested to ensure that they claim the dividends referred above before they are transferred to the said Fund. The due dates for transfer of unclaimed dividend to IEPF are provided in the report on Corporate Governance.

The Bank has uploaded the details of unclaimed/ unpaid dividend for the financial year 2016-17 onwards on its website viz., <https://www.federalbank.co.in/unclaimed-dividend-warrants> and on website of the Ministry of Corporate Affairs viz., www.iepf.gov.in and the same gets revised/updated from time to time pursuant to the provisions of IEPF (Uploading of Information Regarding Unpaid and Unclaimed Amount lying with Companies) Rules, 2012.

8.2. Transfer of Shares to IEPF

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

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

Accordingly, 11,75,439 equity shares of were transferred to demat account of IEPF Authority. The Bank had sent individual notice to all the members concerned and has also published the notice in the leading English and Malayalam newspapers.

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

9. CAPITAL EXPENDITURE

As on March 31, 2024, the Fixed Assets stood at ₹ 2386.45 Crore and net fixed assets of ₹ 1,020.06 Crore. Additions during the year amount to ₹ 318.65 Crore.

10. FUTURE PROSPECTS

Building on a strong year gone by, your Bank is set to turn the flywheel further, boosting momentum and forging a path to a whole new trajectory of growth. A pristine balance sheet, best ever profit figures and tailwinds from a booming economy will form the launchpad, from which the organization will catapult itself. And in true Federal fashion it will be a responsible growth, maintaining your Bank's commitment to the environment and other stakeholders, while ensuring value enhancement for its shareholders.

Taking cognizance of the acute competition, especially for deposits, FY25 will be the year of 'More Federal Per Federal'. Spreading customer delight to new markets while at the same time deepening existing relationships, your Bank aspires to become a complete banking partner for its patrons. Robust IT infrastructure, best in class Customer Relationship Management systems, growing Feet on Street with increasing branch network as well as an expanding repertoire of partners, together will aid your Bank in achieving its coveted goal. The coming years will be an exciting time to be part of the Federal brand.

11. AWARDS AND ACCOLADES

The Bank has received several prestigious awards and recognitions from various revered institutions during the FY 2023-24. Read detailed coverage on pages 10-11

12. LISTING

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

13. DEPOSITS

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

14. CREDIT RATING

The details of Credit Ratings of the Bank as on March 31, 2024, are as follows:

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

During the year under review, Outlook for fixed deposits was changed from Stable to Positive and credit rating for Tier II bonds was upgraded to AA+ from AA.

15. ANNUAL RETURN

The Annual Return for the Financial Year ended March 31, 2024 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 is available on the Bank's website, <https://www.federalbank.co.in/shareholder-information>.

16. SECRETARIAL STANDARDS

The Bank complies with all applicable secretarial standards.

17. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Pursuant to 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.

18. BOARD OF DIRECTORS

18.1. Directors

During FY 2023-24, pursuant to the recommendation of the Nomination, Remuneration, Ethics and Compensation Committee (NRC), the Board appointed/ re-appointed the following directors:

- RBI had vide its letter no DoR.GOV. No.1676/08.38.001/2023-24 dated June 26, 2023 accorded its approval for the appointment of Mr. A P Hota (DIN- 02593219), Independent Director, as Part Time Chairman of the Bank with effect from June 29, 2023, till January 14, 2026 consequent to retirement of Mr. C Balagopal (DIN: 00430938), Part time Chairman

and Independent Director from the Board of the Bank with effect from end of June 28, 2023 upon completion of his tenure of 8 years on the Board of the Bank, in accordance with the regulatory requirements.

- Mr. Harsh Dugar (DIN: 00832748) was appointed as Executive Director of the Bank for a period of three years with effect from June 23, 2023, for a period of 3 years with the approval of Reserve Bank of India vide letter DoR.GOV.No. 1627/08.38.001/2023-24 dated June 22, 2023. The said appointment was approved by the shareholders at its meeting held on August 18, 2023.
- Mr. Elias George (DIN: 00204510) was appointed as Independent Director of the Bank for a period of five years with effect from September 05, 2023. The shareholders through Postal Ballot vide Special Resolution approved appointment of Mr. Elias George for a period of 5 years w.e.f. November 19, 2023.
- Mr. Siddhartha Sengupta (DIN: 08467648) and Mr. Manoj Fadnis (DIN: 01087055) were appointed as an Independent Director of the Bank on June 13, 2019, for a period of 5 years with effect from June 13, 2019, up to June 12, 2024 (both days inclusive). The shareholders of the Bank have given their approval vide Postal Ballot results dated result dated May 18, 2024, for the re-appointment of Mr. Siddhartha Sengupta and Mr. Manoj Fadnis for a period of 3 years w.e.f. June 13, 2024, to June 12, 2027.

In accordance with the provisions of the Act and the Articles of Association of the Bank, Ms. Shalini Warriar (DIN: 08257526) Executive Director of the Bank, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible have offered herself for re-appointment.

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

Necessary information pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of directors to be appointed and re-appointed at the ensuing Annual General Meeting are given in the Annexure to the Notice convening the 93rd 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.

Resignation/ retirement of directors

- Mr. C Balagopal (DIN: 00430938) ceased to be Part time Chairman and Independent Director with effect from June 28, 2023, upon completion of the maximum permissible tenure of eight continuous years, in terms of the provisions of Section 10A(2A) of the Banking Regulation Act, 1949.

- Mr. Ashutosh Khajuria (DIN: 05154975), has retired from the position of Executive Director and Key Managerial Personnel of the Bank upon completion of his term of office from end of day, April 30, 2023.

18.2. Key Managerial Personnel

As on March 31, 2024, the following Directors/ Executives continued as Key Managerial Personnel of the Bank:

- Mr. Shyam Srinivasan – Managing Director & Chief Executive Officer.
- Ms. Shalini Warriar – Executive Director.
- Mr. Harsh Dugar – Executive Director.
- Mr. Venkatraman Venkateswaran - Chief Financial Officer.
- Mr. Samir P Rajdev – Company Secretary.

18.3. Declaration by Independent Directors

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

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

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

19. BOARD COMMITTEES

Detailed composition of the mandatory Board committees namely Audit Committee, Credit Investment & Raising Capital Committee, Risk Management Committee, Nomination Remuneration, Ethics & Compensation Committee, Stakeholders Relationship Committee, Customer Services, Marketing Strategy and Digital Banking Committee, Special Committee of the Board for monitoring and follow up of cases of frauds, Information Technology & Operations Committee, HR Committee, CSR Committee and the Review Committee of the Board on Non-Cooperative Borrowers & identification of Wilful Defaulters, its number of meetings held during the year

under review and other related details are set out in the Corporate Governance Report which forms part of this Report. There have been no situations where the Board has not accepted any recommendation of the Audit Committee.

20. DIRECTORS' RESPONSIBILITY STATEMENT

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

- that in the preparation of the annual financial statements for the year ended March 31, 2024, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- 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, 2024 and of the profit of the Bank for the year ended on that date;
- 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;
- that the annual financial statements have been prepared on a going concern basis;
- that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively;

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 on annual basis and accordingly, the Policy was reviewed by the Board on the recommendation of the Nomination Remuneration and Ethics Committee to align with the regulatory requirements.

We affirm that remuneration paid to the directors is as per the terms laid out in the Nomination and Remuneration Policy of the Bank.

The updated Compensation Policy of the Bank is available on the Bank's website at: <https://www.federalbank.co.in/documents/10180/816529059/Comprehensive+Compensa%F4%80%86%9Fon+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 working of its various Committees for the year under consideration.

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

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

22.1. Parameters for Board Committees include various aspects, such as

22.1.1. Board

- If Board is of appropriate size and has the appropriate balance and diversity of background, business experience, industry knowledge, skills and expertise in areas vital to the Bank's success, representing sectors laid down by the regulators, given its current and future position.
- New Board members participate in an orientation program to educate them on the organization, their responsibilities, and the organization's activities, the Board encourages a culture that promotes candid communication.
- The Board oversees management's procedures for enforcing the organization's code of conduct, Action Taken Reports on the discussion/directions of the Board are submitted at regular intervals to the Board.
- The Board oversees risk management through inputs from the Risk Management Committee.

- The Board considers the quality and appropriateness of financial reporting, including the transparency of disclosures.
- The Board ensures compliance with the relevant provisions of the Companies Act and other regulatory provisions as applicable to the Bank.
- The Board oversees the compliance processes.
- The Board views the organization's performance from the competitive perspective - industry and peers' performance, industry trends and budget analysis and with reference to areas where significant differences are apparent etc.
- The Board ensures compliance with the relevant provisions of the Companies Act and other regulatory provisions as applicable to the Company.
- The Board has defined an effective Code of Conduct for the Board and Senior Management.
- Whether the Board monitors and manages potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions.

22.1.2. Board Committee

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

22.2. Parameters for the Directors include various aspects, such as,

22.2.1. Independent Directors

- Attendance at the Board and Committee meetings.
- Study of agenda in depth prior to meeting and active participation at the meeting.

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

22.2.2. Chairperson

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

22.2.3. MD & CEO and Executive Directors

- a. **Quantitative Targets:**
 - Achievements of performance against targets set.

b. Qualitative Targets:

- Apprises the Board regarding the organization's financial position and operational budget so as to enable the Board to make informed financial decisions.
- Provides Leadership in developing strategies and organizational plans with the management and the Board of Directors.
- Ensures that the Board is kept informed about all issues concerning the Bank.
- Media interaction and ability to project positive image of the Company.
- Effectively pursues the performance goals in relation to mission and objective of the organization.
- Motivating employees, providing assistance & directions and supervising & safeguard of confidential information.
- Establishment of internal control processes, monitoring policies and encouraging suggestions.
- Cultivates effective Relationship with Industry Foras, Community and business leaders and Regulatory Bodies and Public Officials.
- Ensures compliance with all legal and regulatory requirements.
- Undertaking of various Developmental initiatives within the organisation.
- Compliance with ethical standards & code of conduct and exercising duties diligently.

22.3. Assessment of Flow of Information

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

23. FAMILIARIZATION PROGRAMMES FOR INDEPENDENT DIRECTORS

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

24. ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) PRACTICES AND CORPORATE SOCIAL RESPONSIBILITY

The Bank recognizes the growing importance stakeholders assign to ESG practices and is always in the forefront to adopt the best practices. The core values

'CARES' reflect the ESG commitment of the Bank and the way in which it operates, and relevant policies are published on the website of the Bank. Details of the ESG initiatives undertaken by the Bank during the Financial Year is included in the Annual report as part of the ESG section/ Business Responsibility and Sustainability Report.

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 across India in identified themes 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 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 composition of the CSR Committee, CSR policy and projects/programs approved by the Board are available on the website of the Bank at <https://www.federalbank.co.in/documents/10180/244853009/CSR+Policy+2022-23.pdf/b4802e4d-6e8d-3b50-f5a6-e043c97ea340?t=1667373939724>

<https://www.federalbank.co.in/corporate-social-responsibility>

The details of the CSR initiatives undertaken during the financial year ended March 31, 2024, and other details required to be given under section 135 of the Companies Act, 2013 read with rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in **Annexure A** forming part of this Report.

25. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

26. BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

In terms of Regulation 34(2)(f) of the SEBI Listing Regulations, top 1,000 listed entities based on their market capitalisation as on 31 March, every fiscal year, were required to submit Business Responsibility and

Sustainability Report (BRSR), as part of their annual report in the format prescribed by SEBI.

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

27. CORPORATE GOVERNANCE

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

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

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

28. RELATED PARTY TRANSACTIONS

All related party transactions that were entered during the financial year were in the ordinary course of the business of the Bank and were on arm's length basis. Hence, pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no related party transactions to be reported under Section 188(1) of the Act and Form AOC-2 is not applicable to the Bank. During the year under review, the Bank has not entered any materially significant transaction with its related parties, which could lead to a potential conflict of interest between the Bank and these parties.

All Related Party Transactions were placed before the Audit Committee of the Board for approval. Prior omnibus approval for transactions which are of repetitive nature is obtained from the Audit Committee and accordingly the required disclosures are made to the Committee on quarterly basis in terms of the approval of the Committee.

The policy on Related Party Transactions as approved by the Audit Committee and the Board of Directors

is uploaded on the website of the Bank and the link for the same is <https://www.federalbank.co.in/our-commitments>.

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

29. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Bank has through the years developed and stabilized an effective internal control system calibrated to the risk appetite of the Bank and aligned to the scale, size and complexity of its operations. The scope and authority of the internal audit function is defined in the 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 changes in the guidelines of RBI, Basel Committee recommendations, ICAI guidelines, other statutory / regulatory guidelines, directions of Board/ Audit Committee of the Board issued from time to time and periodic internal guidelines/ instructions issued by the Bank. Risk based Audit framework is reviewed in line with the present business model and industry best practices. At the enterprise level, the Internal Audit Department, on a continuous basis, assesses and monitors the effectiveness of the control systems and its adequacy to meet the growing complexities. The audit function essentially validates the compliance of Bank's processes and operations with regulatory guidelines, accounting procedures and Bank's own internal rules and guidelines. A department level group meets on periodical intervals to discuss latest internal/ RBI/ regulatory guidelines for ensuring that the required changes are implemented for making the audit function updated and dynamic.

The Bank has a robust system towards escalating the audit findings to appropriate levels in the hierarchy of Management and discussions in various committees towards suggesting corrective action and its follow up. The Bank in compliance of the requirements of Section 138 of the Companies Act, 2013, has designated the Head of Internal Audit Department as Chief Internal Auditor of the Bank. Chief Internal Auditor of the Bank directly reports to the Managing Director & CEO of the Bank. Audit Committee of the Board reviews the adequacy and effectiveness of the Internal Audit Function. The Bank has various types of audits which inter-alia include Risk Based Internal Audit, Information System Audit, Third Party Risk Audit, Offsite Audit (audit through use of technology and data analysis), Concurrent Audit, Gold Loan Audit and Management Audit. Branches / Departments are risk rated and the frequency of Risk Based Internal Audit /

Management Audit is decided based on the Risk Rating of the unit. Significant Audit findings and observations are presented to Internal Audit Review Committee of Executives and a report on the meetings of Internal Audit Review Committee of Executives along with significant audit findings, directions / suggestions of the Committee and action taken in such cases are placed to the Audit Committee of the Board for review periodically. Other findings are placed before a department level committee called the 'Internal Audit Department Review Committee' for review and its observations are placed before Internal Audit Review Committee of Executives.

As per the requirement of Companies Act, 2013, Bank has formulated Internal Financial Controls framework. Risk and Controls associated with each process in the Bank are documented under the Internal Financial Controls Framework. Internal Audit Department plays a significant role in testing the control effectiveness for each process under the framework.

The Internal Audit function provides independent assurance to the Board of Directors and Senior Management on the quality and effectiveness of the bank's internal control, risk management and governance systems and processes, thereby helping the Board and Senior Management protect the Bank and its reputation.

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

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

30.1. Conservation of Energy:

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

30.2. Technology Absorption:

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

30.3. Foreign Exchange Earnings and Outgo:

The provisions relating to 134 (3) (m) of the Companies Act, 2013, on particulars relating to Foreign Exchange Earnings and Outgo are not applicable to a Banking company and as such, no disclosure is being made in this regard.

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

31.1. Technology and Digital updates

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

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

The governance of IT is effectively supervised by the Board of Directors through the IT & Operations 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 Operational Risk Management Committee (ORMC), the Information Security Committee (ISC) and the Project Steering Committee (PSC).

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

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

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

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

32. BUSINESS RISK MANAGEMENT

The Bank's Risk Management framework is based on a clear understanding of various risks, robust risk

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

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

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

Executive designated as Chief Risk Officer who reports directly to the Managing Director & CEO. All material risks of the Bank emerging in the course of its business are identified, assessed and monitored in the Internal Capital Adequacy Assessment Process (ICAAP). In our view, all the material risks of the Bank are identified, assessed and managed adequately.

33. AUDITORS

33.1. Statutory Auditors

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

RBI vide its letter DOS.RPO.No.S2722/08.09.005/ /2022-23 dated 28.07.2022 had granted approval for appointment of M/s. Varma & Varma, Chartered Accountants and M/s. Borkar & Muzumdar, Chartered Accountants as the Joint Statutory Auditors of the Bank for FY 2022-23 for their third year. Accordingly, M/s. Varma & Varma, Chartered Accountants, Kochi and M/s. Borkar & Muzumdar, Chartered Accountants, Mumbai had retired at the conclusion of the 92nd Annual General Meeting after completion of their term for three years.

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

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

RBI vide letter Ref CO.DOS.RPD. No.S2374/08.09.005/2023-24 dated June 27, 2023, had granted approval for appointment of M/s Suri & Co, Chartered Accountants (FRN 004283S) and M/s. MSKA & Associates, Chartered Accountants (FRN 105047W) as the Joint Statutory Auditors of the Bank.

As required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, M/s. Suri & Co, Chartered Accountants (Registration No. 004283S), Chennai, and M/s. MSKA & Associates, Chartered Accountants (Registration No. 105047W), Mumbai have

confirmed that they hold a valid certificate issued by the Peer Review Board of ICAI.

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

33.2. Secretarial Auditor

Pursuant to the provisions of Section 204 of The Companies Act, 2013, the Bank has appointed M/s. M Damodaran & Associates LLP, Company Secretaries, Chennai as Secretarial Auditor to conduct Secretarial Audit of the Bank for the FY 2023-24. Accordingly, the Secretarial Audit Report for FY 2023-24 is annexed to this report as **Annexure B**. The Audit Report issued by the Secretarial Auditors for the said FY form part of this Report which is self-explanatory.

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

Pursuant to Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Master Circular No. SEBI/HO/CFD/PoD2/ CIR/P/2023/120 dated July 11, 2023, the Bank has obtained Secretarial Compliance Report, certified by CS M. Damodaran, M/s M Damodaran & Associates LLP for Financial Year ended March 31, 2024, on compliance of all applicable SEBI Regulations and circulars/ guidelines issued thereunder and the copy of the same was submitted with the Stock Exchanges.

34. WHISTLE BLOWER POLICY/ VIGIL MECHANISM

Bank has a robust Fraud Risk Management Framework which provides guidance on managing the Fraud Risk methodically. Various mitigation measures and surveillance mechanisms are deployed to combat both internal and external frauds. Employees and Public are periodically sensitized on the various frauds and the prevention techniques, with a view to create an atmosphere of alertness.

Preventive Vigilance Workshop is a flagship program designed by Vigilance Department for the employees, which explicates different gaps exploited by the miscreants to perpetrate fraud in the banking industry. The program also ensures deliverance of strategies to be taken to avert such frauds. Fraud Prevention Committee meetings are conducted at Branches on a regular basis to familiarize the various modus operandi of trending frauds and their corresponding preventive measures. Branches are identified based on risk rating and Preventive Vigilance Audits are conducted annually in the identified Branches.

Customer awareness on financial frauds is another area that is well covered by the Bank through multiple communication channels including SMS, E-Mails, posters at Branches, ribbon messages on the Bank's website, internet banking webpage, etc. Bank is also giving special focus to Cyber related frauds and awareness messages are disseminated among the public through various

mediums including social media, website, etc. A dedicated campaign is launched, titled "TwiceisWise", with an aim to spread awareness among the public, on cyber related frauds. Posters and videos cautioning the public about novel fraud incidents are shared through social media handles, TV channels, web channels, etc.

All cases detected / reported in the Bank are investigated in detail and appropriate process refinements/systemic corrections are ensured to avert similar incidents in future.

Bank has also implemented a robust Whistle Blower Policy termed as Protected Disclosure Scheme (PDS). The policy aims at establishing an effective vigil mechanism in the Bank to quickly spot aberrations and deal with it at the earliest. Policy assures confidentiality and protection to the whistle blower against any personal vindictive actions such as humiliation, harassment or any other form of unfair treatment. Directors and Employees of the Bank, employee representative bodies, customers, stakeholders, non-governmental organizations (NGO) and members of the public can lodge complaints / disclosures under this scheme. A dedicated e-mail ID is provided for sending complaints/disclosures under PDS. PDS policy is made available in Bank's website and Intranet. To access Bank's Whistle Blower Policy- <https://www.federalbank.co.in/documents/10180/45777/Whistle+Blower+policy+or+PDS.pdf/558aea51-1335-4546-9c9a-28c5030377a1?t=1688463892328>.

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

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

36. PARTICULARS OF EMPLOYEES

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

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

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

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

No. of complaints received for the year FY-2023-24	2
No. of complaints disposed of during FY -2023-24	2
No. of cases pending for more than 90 days	0
No. of workshops/ awareness program against sexual harassment carried out	11
Nature of action taken by the employer/ District Officer	Appropriate action taken

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

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

39. POLICY ON BOARD DIVERSITY

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

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

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

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

40. 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.

41. ACKNOWLEDGEMENT

Your Directors place on record their deep appreciation to every member of Federal family for their hard work, dedication and commitment, to whom the credit for the Bank's achievements goes, particularly during this unprecedented year.

The Board of Directors take this opportunity to express their deep sense of gratitude to Government of India, Reserve Bank of India, various State Governments and regulatory authorities in India and overseas for their valuable guidance, support and cooperation. The Directors also wish to express their gratitude to Investment Banks, Rating Agencies and Stock Exchanges for their wholehearted support. The Directors record their sincere gratitude to the esteemed customers and all other well-wishers for their continued patronage.

And to you, our shareholders, we are deeply grateful for the confidence and faith that you have always reposed in us.

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

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

Date: August 6, 2024
Place: Aluva

ANNEXURE A

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

[Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014]

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

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

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

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

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

<https://www.federalbank.co.in/corporate-social-responsibility>

2. Composition of the CSR Committee

* Constitution of CSR Committee is as follows:

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 C Balagopal*	Chairman	2	1
2	Mr. Sankarshan Basu**	Independent Director	2	2
3	Mr. Shyam Srinivasan	Managing Director & Chief Executive Officer	2	2
4	Ms. Shalini Warriar	Executive Director	2	2
5	Mr Harsh Dugar***	Executive Director	2	1
6	Mr. Ashutosh Khajuria #	Executive Director	2	0

* Ceased to be a member of the Committee on 27.06.2023 and retired from the Board of the Bank as Chairman and Independent Director upon completion of his term of office on 28.06.2023.

** Chairperson with effect from 27.06.2023.

*** Joined the Committee as a member with effect from 27.06.2023

Ceased to be a member of the Committee on 28.04.2023 and retired from the Board of the Bank upon completion of his term of office on 30.04.2023

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.

Composition of the CSR committee shared above and is disclosed in the Policy on Corporate Social Responsibility 2023-2024. The web-link to access the CSR committee, CSR Policy and CSR projects are given below.

CSR Policy:

<https://www.federalbank.co.in/documents/10180/460226446/CSR+Policy+2023-2024.pdf/d804f396-38d5-4a13-c14a-aa899d16dabf?t=1699009279378>

CSR Projects: <https://www.federalbank.co.in/corporate-social-responsibility>

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable

We have conducted impact assessment of the Project- Sanjeevani A Shot of Life & Gift a vaccine-Vaccination of 5 Districts.

Impact assessment of above CSR project is available in https://www.federalbank.co.in/documents/10180/343953/Ex+summary_FB_Sanjeevani_FY2022-23.pdf/b337ef9c-f99d-dc5e-9def-5bae12840e4a?t=1717239693280

https://www.federalbank.co.in/documents/10180/343953/Ex+summary_FB_Sanjeevani_E18_FY2022-23.pdf/6860652f-d7bc-29cc-430b-d03b05c2bb92?t=1717239690426

5. a. Average net profit of the Company as per sub-section (5) of Section 135: ₹ 2,87,753.49 Lakh
- b. Two percent of average net profit of the Company as per sub-section (5) of section 135: ₹ 5,755.069 Lakh
- 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)]: ₹ 5755.069 Lakhs.

6. a. Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹ 6,061.94 Lakhs.*

* Includes the amount of Rs 1345.78 Lakhs spent during the year from the Unspent CSR Account of FY23

- b. Amount spent in Administrative Overheads: ₹ 5.18 Lakh.
- c. Amount spent on Impact Assessment, if applicable: NIL
- d. Total amount spent for the Financial Year [6(a)+6(b)+6(c)]: ₹ 6,067. 12 Lakhs*

* Includes the amount of Rs 1345.78 Lakhs spent during the year from the Unspent CSR Account of FY23

- 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.
60,67,12,313/-*	10,33,73,057/-	09.04.2024	-	-	-

* Includes the amount of Rs 13,45,78,392 spent during the year from the Unspent CSR Account of FY23

- 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)	₹ 5,755.069 Lakh
ii	Total amount spent for the Financial Year	₹ 6,067.12 Lakhs*
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

*Includes the amount of ₹ 1345.78 Lakhs spent during the year from the Unspent CSR Account of FY23

7. Details of Unspent CSR amount for the preceding three financial years:

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(5), if any		Amount remaining to be spent in succeeding financial years	Deficiency, if any
					Amount	Date of transfer		
1	2020-2021	NIL	NIL				-	
2	2021-2022	3,28,60,000.00	33,58,369.00	NIL			33,58,369.00	
3	2022-2023	15,97,07,851.00	2,51,29,459.00	13,45,78,392.00			2,51,29,459.00	

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 NA

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year

Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/Authority/Beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
1	2	3	4	5	6		
Not applicable							

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/-
Shri. Shyam Srinivasan
(Managing Director & Chief Executive Officer)

Sd/-
Shri. Sankarshan Basu
(Chairman- CSR Committee)

ANNEXURE B

FORM MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024

(Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel)

Rules, 2014 and Regulation 24A (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015])

To
The Members,
THE FEDERAL BANK LTD
(CIN: L65191KL1931PLC000368)
Federal Towers, P. B. No. 103,
Alwaye, Ernakulam,
Kerala - 683 101.

We, M Damodaran & Associates LLP, Practicing Company Secretaries, have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **The Federal Bank Ltd** (hereinafter called the "Bank"). Secretarial Audit was conducted in a manner that provided us with a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Bank's books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Bank has, during the audit period covering the financial year ended on **March 31, 2024** ('Audit Period') complied with the statutory provisions listed hereunder and also that the Bank has proper Board-processes and Compliance-mechanism in place to the extent, in the manner and subject to the reporting made herein:

We have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Bank for the financial year ended on March 31, 2024 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment and External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'); including amendment/ re-enactment made thereto;
 - a) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (to the extent applicable);
 - d) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - e) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - f) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;
 - g) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR)];
 - h) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 (to the extent applicable);
 - i) Securities and Exchange Board of India (Bankers to the Issue) Regulations, 1994;
 - j) Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014;
 - k) Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993;
- (vi) The Management has identified and confirmed compliances with certain laws as specifically applicable to the Bank as per **Annexure- I** which forms part of this report.

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

- i. The Listing Agreements entered by the Bank with BSE Limited ('BSE') and National Stock Exchange of India Limited (NSE'); and
- ii. Secretarial Standards (SS-1) for Board Meeting and Secretarial Standards (SS-2) for General Meeting issued by the Institute of Company Secretaries of India.

During the period under review, except as below, the Bank has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Secretarial Standards, etc. as applicable to the Bank:

- a. The Reserve Bank of India ('RBI') has issued SCN dated 24th May, 2023 under Sections 35, 35A, 46 and 47A of the Banking Regulation Act, 1949 - Non-compliance with the Reserve Bank Directions on KYC when ninety demand drafts, each for value of ₹ 50,000/- (Rupees Fifty Thousand Only) and above were issued without incorporating the name of the purchaser on the face of it. The Bank has submitted response to RBI on 13th June 2023 and a personal hearing was conducted on 05th October, 2023. Pursuant to the show cause notice, a penalty order dated 30th October, 2023, imposing a penalty of ₹ 30,00,000/- (Rupees Thirty Lakhs Only) was passed by the RBI based on the non-compliance mentioned above. The penalty amount has been paid by the Bank on 09th November, 2023.
- b. Issue Department, RBI has levied penalty of ₹ 16,80,000/- (Rupees Sixteen Lakhs Eighty Thousand Only) on the bank for non-adherence with the provisions of RBI Master Circular RBI/2021-22/84 DCM (RMMT) No.S153/11.01.01/2021-22 August 10, 2021 to the extent, due to non-replenishment of cash in ATMs falling under various jurisdictions for the FY 2023-24. The Bank has paid the above penalty on various dates during the FY – 2023-24.
- c. Issue Department, RBI has levied penalty of ₹ 45,000/- (Rupees Forty Five Thousand Only) on the bank for non-adherence with the provisions of Para 2(v) of RBI Master Circular DCM (CC) No. G-5/03.44.01/ 2022-23 dated April 01, 2022 to the extent, for discrepancies observed during their incognito visit to Pathanamthitta / St. Peter's Junction, Chikmagalur, Quilandy, Chegannur, Kondotty and Parassala Branches. The Bank has paid the above penalty on various dates during the FY – 2023-24.
- d. RBI has levied penalty of ₹ 1,95,146 (Rupee One lakh ninety-five thousand one hundred and forty six only) on Currency Chests for the FY 2023-24 on account of error in the count/rare instances of mixed bundles of mutilated notes, forged notes, soiled notes etc., and other deficiencies observed during inspection

of Federal Bank Currency Chests and discrepancies detected in CVPS during processing of Soiled Note Remittances. The Bank has paid the above penalty on various dates during the FY – 2023-24.

- e. Bank has received an Order from Maharashtra Goods & Services Tax (GST) Department on 19th March, 2024 levying a penalty of ₹ 5,85,005/- (Rupees Five Lakhs Eighty Five Thousand Five Only). The Bank has intimated the Stock Exchanges that an appeal will be made against the said Order and hence the penalty is not paid yet.

We further report that the Board of Directors of the Bank is duly constituted with a proper balance of Executive 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.

Adequate notice is given to all Directors to schedule the Board & Committee Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice with the consent of all the Directors, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. As per the minutes of the meetings duly recorded and signed by the respective Chairman, the decisions of the Board/Committees were unanimous and no dissenting views have been recorded.

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

We further report that the Bank is in compliance with Regulation 3(5) & 3(6) of SEBI (Prohibition of Insider Trading) Regulations, 2015 with respect to implementation and maintenance of Structured Digital Database.

We further report that during the audit period, the Credit, Investment and Raising Capital Committee constituted by Board of Directors of the Bank, at its meeting held on 25th July, 2023, has allotted 23,04,77,634 equity shares of face value of ₹ 2 each to eligible qualified institutional buyers at the issue price of ₹ 131.90 per equity share (including a premium of ₹ 129.90 per equity share) aggregating to ₹ 3039,99,99,924.60.

We further report that during the audit period, the Board of directors of the Bank has:

- a. Allotted 7,26,82,048 equity shares of face value of ₹ 2/- each fully paid up equity shares at the issue price of ₹ 131.91 per equity share (including a premium of ₹ 129.91/- per equity share) to International Finance Corporation, IFC Financial Institutions Growth Fund, LP (directly and/or through its affiliates) and IFC Emerging Asia Fund, LP (directly and/or through its affiliates), at its meeting held on 11th October, 2023.

- b. Allotted 1,59,91,113 equity shares consequent to exercise of ESOS vested under Employee Stock Option Scheme 2010 & Employee Stock Option Scheme 2017 of the Bank on various dates.

We further report that during the audit period, the shareholders of the Bank, inter alia, has passed the following resolutions at the Annual General Meeting held on 18th August, 2023:

- a. Passed a special resolution under section 14 and all other applicable provisions of the Companies Act, 2013 to amend the Articles of Association of the Bank, empowering the Debenture Trustees to nominate a Director on the Board, in accordance with the stipulation under Securities Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021.
- b. Passed a special resolution under Sections 23, 42 and 62(1)(c) and all other applicable provisions of the Companies Act, 2013 to create, offer, issue and allot up to 7,26,82,048 equity shares of face value of ₹ 2/- each to International Finance Corporation, IFC Financial Institutions Growth Fund, LP (directly and/or through its affiliates) and IFC Emerging Asia Fund, LP (directly and/or through its affiliates) in terms of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2015 (the "ICDR Regulations"), at a price of ₹ 131.91 per equity share (including a premium of ₹ 129.90 per equity share) aggregating to an amount of ₹ 958,74,88,951.68 on a preferential basis in accordance with Chapter V of the ICDR Regulations and other applicable laws.
- c. Passed a special resolution under Section 42 and all other applicable provisions of the Companies

Act, 2013 for raising of funds through issuance of bonds on private placement basis up to an aggregate amount not exceeding ₹ 8,000 Crore during a period of one year w.e.f. 18th August, 2023.

- d. Passed a special resolution under section 180(1)(c) and all other applicable provisions of the Companies Act, 2013 to increase the borrowing limits of the Bank not exceeding ₹ 18,000 Crore at any point of time.
- e. Passed a special resolution under section 62(1)(b) and all other applicable provisions of the Companies Act, 2013 to adopt and implement 'The Federal Bank Limited Employee Stock Option Scheme 2023'.
- f. Passed a special resolution under section 62(1)(b) and all other applicable provisions of the Companies Act, 2013 to adopt and implement 'The Federal Bank Limited – Employee Stock Incentive Scheme 2023'.

For **M DAMODARAN & ASSOCIATES LLP**

Sd/-

M. Damodaran

Managing Partner

FCS No.: 5837

COP. No.:5081

FRN: L2019TN006000

PR 3847/2023

Place: Chennai

Date: August 06, 2024

ICSI UDIN: F005837F000904625

This report is to be read with our letter of even date which is annexed as **Annexure II** and forms an integral part of this report)

ANNEXURE - I

The Management has identified and confirmed compliances with following laws as specifically applicable to the Bank during the audit period 2023-24:

1. Reserve Bank of India Act, 1934 and Master Directions Issued by the RBI to Commercial Banks & the Banking Regulations Act, 1949 and Rules, Notifications and Circulars issued by Reserve Bank of India from time to time except as mentioned in Secretarial Audit Report 2024;
2. The Banking Ombudsman Scheme, 2006;
3. The Bankers' Books Evidence Act, 1891;
4. The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 read with The Security Interest (Enforcement) Rules, 2002;
5. The Deposit Insurance and Credit Guarantee Corporation Act, 1961;
6. Credit information Companies (Regulation) Act, 2005;
7. Recovery of Debts due to Banks and Financial Institutions Act, 1993;
8. Negotiable Instruments Act, 2002;
9. The Micro, Small and Medium Enterprises Development Act, 2006;
10. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
11. Payment of Gratuity Act, 1972 read with Rules made thereunder;
12. Maternity Benefit Act, 1961;
13. Payment of Bonus Act, 1965 read with Rules made thereunder;
14. The Factoring Regulation Act, 2011; and
15. Industrial Disputes Act, 1947 read with Industrial Disputes (Banking and Insurance Companies) Act, 1949;
16. The Shop and Establishment Act, 1948; and
17. The Central Goods and Services Tax Act, 2017 except as mentioned in Secretarial Audit Report 2024.

For **M DAMODARAN & ASSOCIATES LLP**

Sd/-

M. Damodaran

Managing Partner

FCS No.: 5837

COP. No.:5081

FRN: L2019TN006000

PR 3847/2023

ICSI UDIN: F005837F000904625

Place: Chennai

Date: August 06, 2024

ANNEXURE - II
Disclaimer Certificate

To
The Members,
THE FEDERAL BANK LTD
(CIN: L65191KL1931PLC000368)
Federal Towers, P. B. No. 103,
Alwaye, Ernakulam,
Kerala - 683 101.

Our Secretarial Audit Report of even date is to be read along with this letter.

- Maintenance of secretarial records is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these secretarial records based on our audit.
- We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
- We have not verified the correctness and appropriateness of the financial records and Books of Accounts of the Bank.
- Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on a test basis.
- The Secretarial Audit report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

For **M DAMODARAN & ASSOCIATES LLP**

Sd/-

M. Damodaran
Managing Partner
Membership No.: 5837
COP. No.: 5081
FRN: L2019TN006000
PR 3847/2023
ICSI UDIN: F005837F000904625

Place: Chennai
Date: August 06, 2024

ANNEXURE C
THE RATIO OF THE REMUNERATION OF EACH DIRECTOR TO THE MEDIAN EMPLOYEE'S REMUNERATION AND OTHER DETAILS IN TERMS OF SUB-SECTION 12 OF SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Sr. No	Requirements	Disclosure	
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year ***	Shyam Srinivasan, MD & CEO Shalini Warriar, ED Harsh Dugar, ED Ashutosh Khajuria	- 27.69* - 11.81 - 7.97 - 0.78^
2	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Shyam Srinivasan, MD & CEO Shalini Warriar, ED Venkatraman Venkateswaran, GP & CFO Samir Pravin Bhai Rajdev, CS	- 0.95% - - 3.51% ** - 15.21% - 8.97%
3	The percentage increase in the median remuneration of employees in the financial year	1.02%	
4	The number of permanent employees on the rolls of Company	14658 (As on March 31, 2024)	
5	Average percentiles 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 3.19%, while the average increase in the remuneration of KMP's are as follows. Shyam Srinivasan, MD & CEO Shalini Warriar, ED Harsh Dugar, ED	- 0.95% - -3.51% ** - -32.18%^
6	Affirmation that the remuneration is as per the remuneration policy of the company	Yes, it is confirmed.	

Note

*During FY 2022-23, Mr. Shyam Srinivasan, MD & CEO has relinquished 2,80,000 Stock Options (non-cash) and ₹ 32,00,000/- (cash) offered to him as Variable Pay pertaining to FY 2022-23.

**Remuneration of Shalini Warriar got revised on 01.11.2022, w.e.f 01.04.2021. Salary arrear for the FY 2021-22 was paid during the FY 2022-23 and hence the total income was on the higher side for FY 2022-23 while comparing with FY 2023-24.

***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 31.03.2024, along with the value of perquisites.

^ Mr. Ashutosh Khajuria ceased from the services of the Bank as ED w.e.f 01/05/2023 and Mr. Harsh Dugar was appointed as ED w.e.f. 23/06/2023. Since the Income in the capacity of ED do not cover the entire FY, the same has not been mentioned in the above table.

ANNEXURE D

DETAILS OF APPLICATIONS MADE BY THE BANK OR PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR

SR NO.	LCRD DIVISION	NAME OF THE BORROWER	CLAIM LODGED BY FEDERAL BANK (IN CRORE)
1	LCRD ERNAKULAM	ARUN KUMAR K (DIRECTOR - MIR REALTORS)	17.60
2	LCRD ERNAKULAM	BASHEER AHMED (DIRECTOR - MIR REALTORS)	17.60
3	LCRD NEW DELHI	FEEDBACK INFRA PRIVATE LTD	86.37

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ECONOMY - THE NEW NORMAL

After years of unprecedented disruption, general expectations were that normalcy would be restored in FY 2023-24. The global economy appeared to be poised for a gradual recovery from the powerful blows of the pandemic and the Russo-Ukrainian War. Supply-chain disruptions were unwinding and the massive and synchronous tightening of monetary policy by most central banks are expected to bear fruit, with inflation starting its retreat toward targets.

However, what unfolded through the year was far from expected lines. Kicking things off, the US faced political upheaval with an impasse on the raising of the US debt ceiling threatening to derail the economy. Along with the overhang from Bank collapses, the year started off on a somber note for the largest economy in the world. The Bank of England and other European economies continued its struggle against inflation. The property market crisis in China precipitated into a faltering economy with weak global demand and the US China stand-off further slowing trade. The unexpected escalation of conflict between Israel and Hamas and the subsequent restrictions in trade lines along the Red Sea by Houthi rebels ensured that Geo-political tensions were never far from people's minds. Climate change exacerbated by the El Nino phenomenon resulted in summer 2023 being the hottest season in the northern hemisphere in the past 2000 years. Rationalisation of costs led to an increase in layoffs in certain industries.

But not all developments were downbeat in nature. Spurred on by companies riding on the coattails of the AI revolution and expectations of an imminent rate cut, stock markets in the US performed exceedingly well with the US Dow Jones Industrial Average (DJIA) crossing the 38,000 mark for the first time in Jan 2024. The DJIA continued its bull run into the new financial year as well, crossing the milestone figure of 40,000 in May 2024. Most indicators pointed to a revival of spending and consumption post the pandemic. After decades of stagnation, Japanese labor unions negotiated for the biggest wage hike in 33 years, signaling a reversal of trend in the Japanese economy. In conclusion, despite disruptions, the Global economy remains remarkably resilient with growth holding steady.

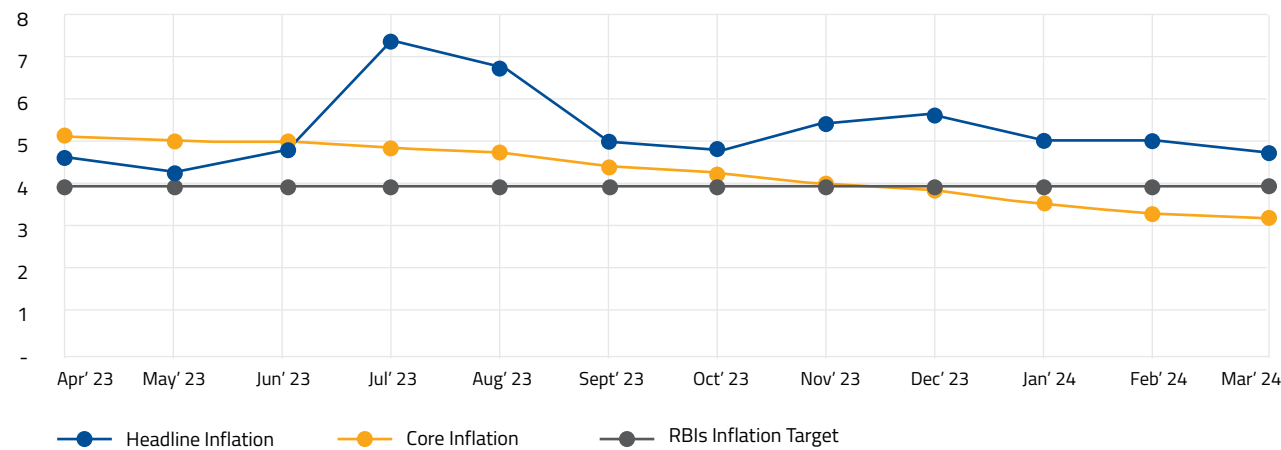
INDIAN ECONOMY – BRIGHT SPOT IN THE WORLD ECONOMY

India was considered a 'Bright Spot' in the world economy and a key contributor to global growth by the IMF in their World Economic Outlook for April 2023. With a GDP growth of 8.2% as per provisional estimates by the Ministry of Statistics, India is one of the fastest growing major economies in the world. And this growth is expected to be sustained in the long run due to factors such as a favorable demography, strong domestic demand, fledgling manufacturing sector etc. The increasing influence of India on the world stage was evident during the G20 summit which India hosted in 2023.

The positive sentiments were echoed by the stock markets as well with NIFTY, NIFTY Bank and NIFTY Realty touching all-time highs at various times throughout the year. The retail consumer also jumped in on the India growth story as seen from record high demat account openings and record domestic SIP flows. The Indian Rupee remained one of the best performing currencies in the region due to sound macroeconomic fundamentals, financial stability and improvements in India's external position. Inclusion of Indian Govt bonds in international indexes and the ensuing inflow of foreign funds may extend the Rupee's strong performance into the next Financial Year as well. Inflation was managed better than most of the developed peers. Despite clocking record high export figures in FY 2022-23, initial estimates show that Total exports (including merchandising and services exports) for FY 2023-24 may have surpassed previous year's figures.

The coming year could prove to be a litmus test for sustainability of the growth story of India. Ensuring that the 'elephant' that is inflation stays aligned to expectations on a durable basis while at the same time, nurturing the green shoots of growth will be a tricky balance to achieve. Euphoria over gains in the stock markets may result in a potential bubble forming, with markets regulator SEBI calling out 'froth' in certain segments. Household savings at multi-year lows may also add an additional dimension to market exuberance as more funds flow into the markets.

Consumer Inflation trajectory FY 2023-24



INDIAN BANKING INDUSTRY – A PROACTIVE REGULATOR AND LIQUIDITY CONCERNS

FY 2023-24 could be considered a golden period for the banking sector in many ways. Healthy credit demand and elevated interest rates helped Banks in expanding margins towards the beginning of the year. However, as the year progressed, Cost of Deposits started catching up, putting pressure on margins. Most Banks recorded healthy profit figures, with the icing on the cake being the highest ever quarterly profit figure posted by India's largest public sector bank in Q4 FY 2023-24, which is also the highest ever quarterly profit reported in the banking sector in India. Merger of one of the largest HFCs in the country with one of the largest Banks in the country, created a behemoth which is one of the largest Banks in the world by market capitalisation. Consolidation, growth and 'the big getting bigger' remained key themes in the year gone by.

Despite excellent outcomes, the journey was far from a walk in the park for most Banks. The central Bank, in its quest to rein in inflation, kept a tight control on liquidity in the system through various measures such as introduction of ICRR, multiple VRR and VRRR auctions etc. This drought of liquidity during certain periods, coupled with a prolonged period of credit growth outpacing deposit growth, led to elevated Loan to Deposit Ratios (LDR) across the system. Many Banks had to resort to borrowings to fund their credit growth. This combined with an elevated Weighted Average Call Rate (WACR), which was at times above the Liquidity Adjustment Facility (LAF) corridor of the RBI, further complicated matters. Liquidity and funding management remained one of the foremost concerns for Banks in the Financial Year.

Guiding the industry along was a regulator who remained proactive, nimble and firm, plugging any gaps in the system and engaging regularly with stakeholders. With an ultimate focus on customer convenience and financial stability, a slew of regulations was announced which included frameworks for resetting of tenor/ EMI in floating rate loans, withdrawal of ₹ 2000 denomination currency notes from circulation, introduction of Key Fact Statement (KFS) for all Retail and MSME loans etc. The steady guiding hand of the regulator ensured an orderly and resilient growth in the financial system.

Going forward, expectations are that the Banking sector might witness some moderation in growth. Banks whose funding sources are intact & scalable, with robust systems & processes and a strong commitment to keep their balance sheet clean, could continue to build on momentum while others may fall by the wayside.

FEDERAL BANK – A YEAR FOR THE RECORDS

FY 2023-24 was an exhilarating time for your Bank, which saw consistent value creation, growing on the foundation built in the recent past. The year saw quarterly Net Profit cross the 4-digit mark for the first time ever and your Bank earned its highest ever Annual Net Profit in FY 2023-24. The capital raise exercise carried out during the year garnered phenomenal support from all quarters and was oversubscribed multiple times. Through the listing of FedBank Financial Services Ltd, the subsidiary engaged in NBFC business, your Bank unlocked value for all stakeholders. Business grew at a brisk pace outpacing industry growth and Total Business crossed the milestone of ₹ 4.60 Lakh Crore. Asset quality remained pristine with Gross NPA and Net NPA at multi-year lows at the end of March 31, 2024.

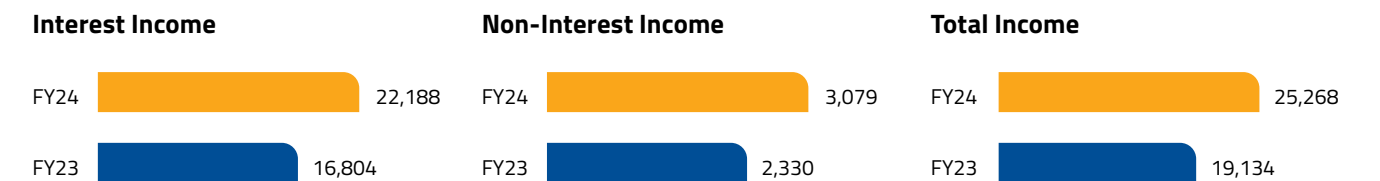
Your Bank's resolve to maintain leadership in technology and digital initiatives was showcased through the launch of National Common Mobility Card (NCMC) wallet debit cards, WhatsApp registrations for Prime Minister's Social Security Schemes (PMJJBY and PMSBY), Flash Pay – the RuPay smart key chain for Contactless Payments etc. Your Bank also executed its first cross border trade transaction using electronic bill of lading over the blockchain platform, effectively providing best in class customer service through the use of cutting-edge technology. With new and exciting offerings such as the NRE Eve+, Stellar and Shreni Accounts, your Bank reiterated its commitment to provide the best services and features for its customers. Increasing its footprint by almost 10% over the year, your Bank has expanded its reach to serve more customers with better convenience. Your Bank was acknowledged as the ESG Champion in the India Commercial Banks Category at the D&B ESG Leadership Summit and was recognised globally for outstanding achievement in climate lending in 2023 by IFC. These awards show that your Bank places the highest priority for governance, sustainability and the environment.

In the coming year, your Bank will be guided by the principle of 'More Federal Per Federal'. By deepening existing relationships and expanding to new segments and markets, your Bank aspires to move from being a lender to being the complete banking partner for all customers. With a strong core built over the years represented by robust IT infrastructure, best in class Customer Relationship Management systems, growing Feet on Street through a widening RM network and burgeoning branch network, which is further augmented by an expanding repertoire of partners, your Bank aims to increase efficiencies, multiply reach and extract synergies across the organisation.

OVERVIEW OF PERFORMANCE (STANDALONE)

Income

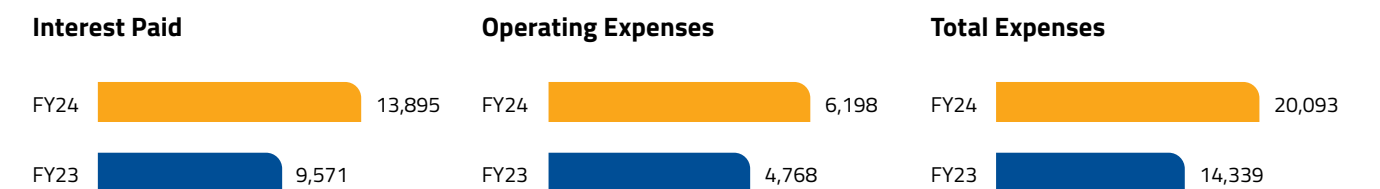
(₹ In Crore)



During the financial year, the yield on average advances (gross) stood at 9.35% as compared to 8.56% in the previous year and the yield on investments (excluding trading gain) stood at 6.71%. The interest/discount on advances/bills improved to ₹ 17,735 Crore (March 31, 2024) from ₹ 13,492 Crore (March 31, 2023) with YoY increase of 31%, interest on investments reached ₹ 3,692 Crore as on March 31, 2024, and other interest including interest on balances with RBI / other interbank funds reached ₹ 762 Crore as on March 31, 2024. The share of interest income of your Bank to total income stood at 88%.

Expenditure

(₹ In Crore)



During the financial year, the average cost of deposits of your Bank increased to 5.63% from 4.58% as on March 31, 2023. The interest paid on deposit stood at ₹ 12,699 Crore and other interest expenses stood at ₹ 1195 Crore.

Operating Performance

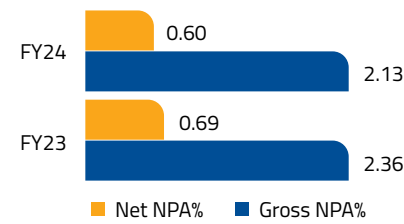
(₹ In Crore)

	Particular	March 31, 2024	March 31, 2023
FY24	Net Interest Income	8,293	7,232
	Non-Interest Income	3,079	2,330
	Net Total Income	11,373	9,562
FY23	Operating Expenses	6,198	4,768
	Operating Profit	5,174	4,794

The net interest income of your Bank registered a growth of 15% YoY and Non-Interest Income grew by 32% YoY. Fee for the same period improved by 19%. During the financial year, your Bank's spread on advances (net) is at 3.51% and spread on investments (gross) is at 1.53%. Net profit registered 24% growth.

Asset Quality Parameters

Gross & Net NPA%



Particular	March 31, 2024	March 31, 2023
GNPA (₹ in Crore)	4,529	4,184
NNPA (₹ in Crore)	1,255	1,205
Provision Coverage Ratio (%)	71.08	70.02
Provision Coverage Ratio (%) (Inc TWO)	82.68	83.49

The asset quality metrics improved during the FY, with reduction in NPA ratios year on year. The Gross NPA of your Bank as on March 31, 2024, stood at ₹ 4,529 Crore. Gross NPA as a percentage to Gross Advances is at 2.13%. The Net NPA stood at ₹1,255 Crore and this as a percentage to Net Advances is at 0.60%. Provisions (excluding technical write-offs) improved by 106 bps to reach 71.08%.

Key Ratios

(In %)

ROA



Particular	March 31, 2024	March 31, 2023
Return on Average Equity	14.73	15.02
Cost to Income Ratio	54.50	49.86
Net interest margin	3.20	3.37
Earnings per Share (EPS) ₹ (Annualised)	16.07	14.27
Book value per share (end period) ₹	119.45	101.22

Return on assets improved during the year and stood to 1.32%. Return on Average Equity is at 14.73%. Earnings per share improved to ₹16.07 from ₹ 14.27, while book value per share increased to ₹ 119.45 from ₹ 101.22.

Deposits

(₹ In Crore)

Customer Deposits



Particular	March 31, 2024	March 31, 2023	% Change
Customer Deposits	2,40,023	2,02,133	19%
Certificates of Deposit	10,428	9,461	10%
Interbank deposits	2,083	1,792	16%
Total Deposits	2,52,534	2,13,386	18%

Deposits growth held up well for your Bank during FY 2023-24 with Total Deposits growing by 18% Y-o-Y, Core Deposits constituting 98% of Total deposits and Term Deposits growing by 24%.

Advances

(₹ In Crore)

Net Advance



Particular	March 31, 2024	March 31, 2023	% Change
Retail Advances	67,435	56,166	20%
Business Banking	17,073	14,095	21%
Agri Advances	28,097	21,919	28%
CV/CE Advances	3,442	2,186	57%
Gold Loans	25,226	19,841	27%
Commercial Banking	21,487	16,968	27%
Corporate Banking	73,596	65,731	12%
Gross Advances	2,12,623	1,77,377	20%

Vertical wise advance figures do not account for sale via IBPC

The total advances crossed the milestone figure of ₹ 2 Lakh Crore. Your Bank continued to reshape the credit book; Retail to Wholesale Ratio now at 56:44. Retail Book grew by 25% and Wholesale book at 15% YoY.

Capital Management

(₹ In Crore)

Particular	March 31, 2024	March 31, 2023
Common Equity Tier-1 Capital	27,708	20,431
Additional Tier-1 Capital	0	0
Total Tier-1 Capital	27,708	20,431
Tier-2 Capital	2,889	2,813
Common Equity Tier-1 Ratio (%)	14.61	13.02
Total Tier-1 Capital Ratio (%)	14.61	13.02
Tier-2 Capital (%)	1.52	1.79
Total Capital Ratio (%)	16.13	14.81

Capital Adequacy Ratio at 16.13% stood well above the regulatory minimum requirement of 11.50%, including a Capital Conservation buffer of 2.50%.

Balance Sheet Parameters

(₹ In Crore)

Particular	March 31, 2024	March 31, 2023	% Change
Liabilities			
Capital	487	423	15%
Reserves & surplus	28,607	21,083	36%
Deposits	2,52,534	2,13,386	18%
Borrowings	18,026	19,319	-7%
Other Liabilities & provisions	8,657	6,130	41%
Total	3,08,312	2,60,342	18%
Assets			
Cash & balances with RBI	11,494	12,591	-9%
Balance with Banks & Money at call	7,469	5,098	47%
Investments	60,860	48,983	24%
Advances	2,09,403	1,74,447	20%
Fixed Assets	1,020	934	9%
Other Assets	18,066	18,289	-1%
Total	3,08,312	2,60,342	18%

Total assets increased by 18% to reach ₹ 3,08,312 Crore as on March 31, 2024, from ₹ 2,60,342 Crore on March 31, 2023, driven by 20% growth in Net Advances and increase in investments by 24% to reach ₹ 60,860 Crore as on March 31, 2024.

FY25 – OPPORTUNITIES AND THREATS

The Indian Economy looks set to continue the strong growth momentum that it showed in the past year. A normal monsoon, rise expected in discretionary spending by urban households as per the Reserve Bank's consumer survey and improving income levels, all augur well for the strengthening of private consumption. The prospects of fixed investment remain bright with business optimism, healthy corporate and Bank balance sheets, robust government capital expenditure and signs of upturn in the private capex cycle expected to keep capex buoyant. Considering these factors, the Monetary Policy Committee that met in June 2024, projected a GDP growth of 7.2% for FY 2024-25 which is more than double that of the 3.2% global growth that is being projected by IMF for CY 2024. The record dividend payout by RBI could provide support to the fiscal consolidation efforts by the Government. The outcome of the general elections, though tightly contested, may continue to provide the required stability and continuity, as the economy forges ahead.

Headwinds for growth in the economy may come from geopolitical tensions, volatility in international financial markets, geoeconomic fragmentation, potential disruptions in supply chains and extreme weather events. Food price uncertainties continue to weigh on the inflation outlook.

After a stellar year, the banking sector could witness some moderation in growth and profitability as the industry cycle peaks out. A prolonged period of credit growth outpacing deposit growth has put a strain on balance sheets of many of the Private Sector Banks. Despite a healthy demand for credit, Banks may find it difficult to fund credit growth as households diversify their investments, sometimes away from Bank deposits. As deposit repricing dynamics play through, and with rate cuts looming over the horizon, there may be some pressure on margins. Asset quality which has historically been one of the casualties of credit boom, will be under keen watch. The coming year could also see the evolution of technology used in Banking with the advent of Artificial Intelligence and Machine Learning. As the regulator guides the sector along with a steady but firm hand, Banks falling on the wrong side of the rules may face the heat. Banks with a healthy compliance culture may find it easier to navigate the changing regulatory landscape. A strong core enabled by robust systems and processes may gain more importance as the digital landscape changes. Banks who have stable and scalable funding sources may be able to sustain credit growth momentum and as these advances mature, Banks with robust collection systems and a commitment to keep the balance sheet clean, may win over the rest.

BUSINESS OVERVIEW

CORPORATE & INSTITUTIONAL BANKING

The Corporate and Institutional Banking vertical offers entire range of financial services, products and advisory to Large Business Houses and Mid Corporates, MNCs, Capital Market clients, PSUs and Financial Institutions. It offers customised products and services across working capital, term funding, structured finance, cash management, trade finance and forex services backed by comprehensive electronic banking solutions, which provide seamless onboarding and customer journeys.

The distribution continues to expand through the Relationship Management structure at various locations and touchpoints, catering to the entire value chain across customer segments. Your Bank is making significant investment in new-age and digital technologies to increase customer engagement and experience. Your Bank is working tirelessly to implement paperless Trade Module, revamped FedNet Module, Corporate Mobile App and Collection hub in line with the philosophy of "Digital at the Fore, Human at the Core."

Strategic Initiatives & Achievements

- Amongst the first Banks to offer cross border trade transactions using electronic bill of lading over the blockchain platform
- Triple A award under "Best Structured Trade Finance" deal category for India by The Asset magazine in 2023.
- Participated in first ever Syndicated Factoring Programme done in India.
- Introduced issuance of eBG for better management of product through its life cycle.

During FY 2023-24, Corporate exposures increased to ₹ 78,843 Crore from ₹ 69,595 Crore, registering a growth of 13% YoY. Corporate advances increased to ₹ 73,596 Crore from ₹ 65,731 Crore (excl Credit substitutes). Fee income grew by 35% from ₹ 256 Crore to ₹ 346 Crore in FY 2023-24. Self-funding ratio was at 31% plus with an improvement of 359 bps YoY.

The focus of this vertical continues to be the preferred banking partner to its clients, with a well-designed client selection strategy and a robust credit underwriting process, which is reflected in its asset quality.

COMMERCIAL BANKING

Commercial Banking vertical caters to the banking needs of Mid corporate and MSMEs and is one of the strategically important segments of the Bank. With dedicated relationship structure, deeper geographic penetration and extensive product offering such as working capital, term loan, trade finance and advisory services, cash management, supply chain finance, foreign exchange services, structured offerings, gold metal loans and bespoke liability products all ensure a long-lasting client relationship with your Bank. Relationship Managers are equipped with data insights and alerts to offer customer with right products and timely solution.

Supply Chain Finance

It is identified as one of the focused initiatives in deepening the bank's coverage of the corporate/mid corporate ecosystem to generate higher risk adjusted return. Your Bank offers a wide range of products, such as dealer finance, vendor finance, factoring and payable finance through a fully digital end-to-end integrated supply chain finance platform for corporate clients and their vendors and dealer. Your Bank has encapsulated strong risk management practices in managing the portfolio, with an objective to enhance the asset quality, reduce concentration risk and build a granular book, which is a major strength of your Bank.

Achievements

During FY 2023-24, this business stepped up further with a closing advance position of ₹ 21,487 Crore as against ₹ 16,968 Crore in FY 2022-23, registering a growth of 27% YoY. Fee income grew by 14% from ₹ 145 Crore to ₹ 166 Crore in FY 2023-24. Asset quality continues to improve further with reduction in GNPA.

The business continues to have a diversified and granular portfolio in terms of sectors and geography. Your Bank's focus on Commercial Banking will continue to be the "Bank of First Choice" for all its clients.

CV/CE FINANCING

Commercial vehicle /Construction equipment Finance vertical has PAN India presence with business done through dedicated RMs, Branch network & Partnerships. Witnessing a steady ascent in recent years, driven by urbanisation, ambitious infrastructure projects, and the burgeoning logistics sector, CVCE sector continues to chart a path of growth and innovation in 2024. In this landscape of opportunity and dynamism, your Bank has emerged as a beacon of financial prowess and customer-centric solutions. Your Bank's bespoke financing facilities cater to a diverse clientele, ranging from first-time users to strategic partners to provide unwavering support for their business ambitions.

AUM of the vertical surged by 57%, soaring from Rs 2186 Crore to Rs 3442 Crore in FY 2023-24, underlining customer trust and growth towards market leadership and customer trust.

CV/CE portfolio boasts one of the Industry's best portfolio quality due to your bank's meticulous curation of the best customer mix and unwavering commitment to stringent risk management practices. This reflects your Bank's dedication to financial prudence and safeguarding the interests of its stakeholders.

Strategic Initiatives & Achievements

Your Bank has strategically positioned itself for future success through:

- Strategic Collaborations: A correspondent tie-up with Hinduja Leyland Finance underscores bank's commitment to expanding market reach while upholding uncompromising quality standards.
- Industry Partnerships: Banks alliances with major CV/CE OEMs, along with our new partnership with Cholamandalam Insurance for vehicle and health insurance, cement your Bank's status as the preferred financier, facilitating synergistic relationships for mutual growth and prosperity.
- PSL: ~ 80% of bank's CV/CE book qualifies under Priority Sector Lending (PSL), reaffirming your Bank's dedication to socio-economic development.

At the heart of this vertical lies a dedicated team of professionals, meticulously trained in business acquisition, credit underwriting, collections, and recovery. It ensures unparalleled service and customised solutions for bank's valued clients.

GOVERNMENT & INSTITUTIONAL BUSINESS

Government & Institutional Business vertical focuses on providing end-to-end solutions to Government Departments and entities, thereby building CASA and Term Deposits. The vertical is managed through Relationship Managers posted across the country and touchpoints to canvass liability business from Central & State budgetary allocations and Local / State Government offices like Panchayats, Municipalities, PSUs etc. Your Bank offers bespoke CASA products exclusively designed to suit the needs of the Government & its related entities. The vertical actively engages with Government Departments to digitalise various operations for the smooth functioning and ensure last mile connectivity. During last year, your Bank grew its GIB business book by 142% to the reach ₹ 12,248 Crore.

Strategic Initiatives & Achievements

- Bank has gone live on Schematic Bank Account Management System, West Bengal
- Bank has received permission to conduct Government Business for State Government of Telangana
- Bank has successfully done its first DBT transactions through Aadhaar (using Aadhaar Payment Bridge System)
- Bank has successfully deployed Cheque Deposit Kiosk in couple of big Corporations to ensure seamless collection.
- Bank has successfully integrated with NCDEX e- Market Limited (NeML) for e-Procurement.

The vertical plans to focus on embracing advanced digital solutions for seamless operations, enhanced security, improved Government control over the funds deployed, and collection. The plan is to expand the range of financial products and services offered to government and institutional clients with certain tailor-made products to suit specific requirements of the Institution. The vertical focuses on fostering strong relationships with existing client base while actively seeking opportunities to onboard new government and institutional partners. The endeavour is to position the Bank as a trusted partner in driving financial innovation, supporting economic growth and sustainable development in the Country.

BUSINESS BANKING

Business Banking comprises business loans up to ₹ 10 Crore, mainly Micro, Small and Medium Enterprises. The segment registered a growth of 21%, disbursing 12,000+ loans during FY 2023-24, of which 50% of loans were disbursed to New to Bank customers.

Business Banking focused on granular growth and remained one of the high-yielding portfolios of your Bank in FY 2023-24. The average ticket size is ₹ 58 Lakhs and comprises of more than 44,000 accounts of more than 28,000 customers. While the business is mainly driven through the traditional stronghold of the Bank's branches, the vertical also expanded reach by adding a new channel of Sales Managers in strategic locations. 7 Territory Sales Heads, and their team of 57 Sales Managers are focused exclusively on adding New to Bank Customers to our fold. Strategic tie-ups have also contributed to additional sourcing from unexplored markets.

Your Bank is actively engaged in introducing and improving the loan products to meet the market demand and to boost the economy. To cater to the geographic and sector-specific needs, your Bank introduced customised products to suit specific requirements pertaining to selected geographies and sectors (CGTMSE Power for extending the scope of loans offered under credit guarantee scheme, Loan scheme for funding windmill installation/solar installation in the state of Tamil Nadu, as an extension of existing Green Loan scheme, Liquid security loan scheme for specific security type etc.). The Business Banking Department of your Bank is also keen in ensuring environmentally friendly approach in all its lending, disassociating from all environmentally detrimental projects based on its exclusion list.

Digitisation of documentation of business loans has been initiated and will be scaled up in the coming Financial Year. Various refinements in enablers including e-signing of documents, standardisation of credit delivery, inclusion of special preapproved loan schemes for eligible customers, enrolment of trade finance RMs dedicated for Business Banking customers etc have paved way for improved borrowing experience for the borrowers.

In the previous financial year, Business Banking has also extended into direct assignment of business loans involving various financial institutions of repute and quality. A total exposure of ₹ 490 Crore has been sourced through assignments from 7 financial institution partners.

Going forward, your Bank intends to keep the momentum of growth upward and scale business into all geographies with the support of robust sales team structure and wider branch team. Digitisation and refinements in various operational process aspects are also in pipeline. Your Bank is in discussions with multiple BC partnership prospects for sourcing high yielding small, secured loans in geographies where our presence is expanding. Your Bank plans to increase the DA partnerships in the new FY. Few of our current DA partners has also expressed interest in co-lending model which are under consideration. Your Bank is also onboarding fintech partner in invoice discounting finance, for sourcing and managing small value revolving credits.

RETAIL BANKING

In fiscal year 2024, your Bank recorded a remarkable 18% increase in deposits, outpacing the industry's ~13% growth. Concurrently, the Bank bolstered its market share in deposits by 5 basis points year-on-year. Bank's CASA portfolio has exhibited a year-on-year growth of 6%. Bank introduced a new savings product called Stellar, designed as a theme-based "fit-for-all" account targeting resident individuals. Bundled with a wellness program and other attractive features, Stellar quickly gained popularity in the market. Since its launch in February 2024, the scheme has attracted approximately 17,000 New-To-Bank (NTB) customers. Bank launched new product SHRENI for Trust, Association Society, Club (TASC) segment with which both current account (CA) and savings account portfolio is set to benefit significantly, through these institutional accounts. Despite changes in migration and settlement patterns impacting the industry, we maintained

our significant presence in the Non-Resident (NR) business, achieving an 8% growth in fiscal year 2024. NRI Eve+, a product aimed at empowering NRI women financially, received a positive response, adding 4000 accounts in the fiscal year. Skilfully managing shifts in customer preferences regarding currency and deposit tenure, we witnessed robust growth in the FCNR portfolio. NR will remain an area of focus and moving forward, we are intensifying efforts to expand our NR customer base through various initiatives. By tapping into strong NR pockets across the country and leveraging our expanding network, we're reaching out to a new segment of customers. In fiscal year 2024, we added 141 Banking outlets, strategically located in high-potential areas for swift returns, poised to significantly contribute to our balance sheet starting fiscal year 2025. In fiscal year 2024, the Bank facilitated more than ₹1,80,000 Crore of inward remittance through Rupee Drawing Arrangement (RDA) and forged partnerships with five new remittance companies, including a prominent Bank from Oman. With more than 90 partners worldwide, these arrangements offer cost-efficient and hassle-free remittance services to India for the Indian diaspora abroad.

RETAIL ADVANCE

The retail advances of your Bank grew by 20% reaching ₹ 67,435 Crore, forming 31% of the total advances of your Bank. The retail book has seen good traction across all its major products. While Housing Loans and Retail Loans against Property (Retail LAP) continue to be the major components of the retail loan book with a combined share of 59%, there has been an improvement in the share of Unsecured products (from 7% in FY 2022-23 to 10% in FY 2023-24) thus ensuring improved margins with limited impact on Credit Cost.

During the year, the Housing Loan portfolio crossed ₹ 28,000 Crore, registering a growth of 12%, the Retail LAP portfolio crossed ₹ 11,700 Crore, registering a growth of 18%, and the Auto Loan portfolio grew by 34%, crossing ₹ 7,300 Crore in book size. Your Bank continues to refine products/policies and streamline the internal processes and digital capabilities, thus ensuring better productivity and reduced cost of acquisition. During FY 2023-24, as a part of improving the Turn Around Time (TAT) for mortgage loans, your Bank initiated the process of redefining and digitising the entire Loan Origination System. End to End Digitised HL Top Up platform has been one of the means launched by the Bank to offer Top Up facilities to existing Housing Loan customers without the need for additional documentation. This platform is now made available to the Sales Distribution channel thus ensuring increased penetration of the product. Your Bank has digitised the valuation process thus ensuring improved TAT without impacting the quality of the valuation offered by the vendors. At present, 90% of valuation under Retail Mortgage loans are done through this platform.

As part of our commitment towards embracing and enhancing the digital journey in Mortgage loans, your Bank has developed an in-house application for housing project approvals; this will streamline the project approval process with better Turn Around Time (TAT) and help distribution channels to garner the business directly from Builder Projects. For enhancing the Auto

loan business, your Bank continues to tie up with all the major OEM players including Maruti, Honda, TATA, Hyundai and Toyota Motors. Additionally, to give focus on the higher yield retail segment, your Bank had created an end-to-end digital journey for pre-owned vehicle loans and this is expected to improve the share of High Yield products under the Vehicle segment.

CARDS & UNSECURED LOANS

The credit card and debit card business of your Bank continues to be a significant source of revenue and growth. Your Bank offers a wide range of credit and debit cards with various rewards programs to cater to the diverse needs of its customers. During the current financial year, your Bank witnessed growth in its credit card business and continues to garner market share in both credit & debit card businesses.

The credit card business of your Bank witnessed steady growth during the year. Your Bank continued to focus on acquiring new customers and cross selling credit cards to existing Savings Bank customers of the Bank through innovative marketing strategies, attractive rewards programs, and superior customer service. Your Bank's credit card portfolio comprises a mix of premium, classic, and co-branded cards curated for young professionals, family and HNI segments, with features such as cashback, travel rewards, and discounts on dining and shopping. During the year, your Bank's credit card business witnessed an increase in spends and could achieve total spends of ₹ 16,258 Crore in the Credit card portfolio during FY 2023-24. Sourcing of new credit cards, balance outstanding & spends have doubled over last FY, albeit on a small base.

Your Bank has set up best-in-class features for its credit card business consisting of a fully digital onboarding journey, instant issuance of virtual credit cards, differentiated reward point structure, dynamic APR, etc to name a few. The Bank currently issues credit cards on a secured and preapproved basis to existing customers. New customers to your Bank can also complete their onboarding journey and get a card issued on a fully digitised platform, which requires only a few clicks. Your Bank is on the cusp of rolling out several initiatives shortly, including the launch of new cobranded credit card partnerships, to continue to gain market share and be a significant player in the credit card industry.

Your Bank has been expanding opportunities in both organic as well as co-branded credit cards through Fintech partners over the past couple of years. Based on the significant regulatory changes effected last year and the pursuant regulatory guidance issued to us, your Bank is revamping and upgrading the current delivery architecture in Fintech arrangements and further enhancing the controls. The process is underway and expected to be completed soon and would provide your Bank an opportunity to run the credit card business to the satisfaction of the customers by meeting all regulatory requirements.

The Debit card business of your Bank witnessed a drop of 2% in spending during the year whereas industry spends on debit cards dropped by 17%, primarily due to proliferation of UPI as a mode of payment. Despite this, continuous efforts to curate and share top notch offerings has resulted in your Bank becoming the 4th largest Private Sector Bank in terms of Debit

Card spends. Your Bank continued to focus on offering superior customer service and innovative features such as cashback on transactions, and discounts on shopping and dining thereby providing round-the-year offers to its customers. This has not only helped in enhancing your Bank's brand presence across leading e-commerce merchants but has also played a key role in increasing spending on debit cards.

Your Bank's debit card portfolio comprises a range of card products that are specifically curated to the diverse needs of its customer base including NRIs. During the year, your Bank witnessed an increase in the number of new customers acquiring debit cards. To complement a new target segment offered to build balances, 'Stellar', milestone-based Debit card tailored for the mass market was launched successfully. Your Bank also launched 'Flash Pay' a smart keychain that is NCMC enabled (National Common Mobility Card) which can be used to carry out online and offline contactless transactions like Debit cards. This device will assist a customer to discontinue carrying their physical wallet and continue shopping at all contactless enabled terminals with their Flash Pay device. The innovative design of the product is also expected to help your Bank build brand visibility in the market.

Your Bank offers a wide range of personal loan products to meet the diverse needs of its customers. Your Bank has been exhibiting controlled growth in its personal loan portfolio over the years, and this trend is expected to continue in the time to come. Your Bank has been using analytics to identify existing customers who are likely to take a personal loan and offering them personalised preapproved loan offers. Your Bank also uses credit scores and other credit assessment tools to assess the credit risk associated with each borrower. Your Bank has implemented an end-to-end digital automated loan origination system that ensures faster loan processing and reduces the turnaround time for loan approvals. Your Bank has been able to maintain a healthy asset quality in the personal loan portfolio, and it is expected that your Bank's risk management framework and technology enabled processes will help it manage the credit risk associated with the portfolio effectively.

Growing the Credit Card and Personal Loan business of your Bank is going to be one of the important strategies during the coming Financial Year and beyond. Along with leveraging its existing customer base by offering them pre-approved loans/offers, your Bank is also offering attractive propositions for new customers as a means to ensure effective onboarding.

Your Bank's strong distribution network and focus on customer acquisition and retention will help it continue to grow its Retail Business with specific focus on Cards & Personal Loans portfolio in the future.

FEE INCOME

Your Bank offers various insurance products such as life insurance, health insurance and property insurance. These products help customers to mitigate financial risks and protect their financial needs. Improving the PPC and offering the right products to clients are important strategies of the Bank, which includes distribution via Branch, Digital and Telesales channel. Bank registered a business figure of ₹ 181 Crore via

the distribution of Insurance and Para Banking products. Some of the key highlights of FY 24 are given below.

The insurance distribution has been the largest contributor to non-banking fee income totalling ₹ 168 Crore.

Bank has partnered with Cholamandalam MS General Insurance Co Ltd under Bancassurance arrangement for providing insurance exclusively for CV/CE Business.

The Assets Under Management (AUM) in our Wealth Management Services (WMS) partnership have surpassed ₹ 5,000 Crore as of March 31, 2024, up from ₹ 3,621 Crore in fiscal year 2023, representing a YoY growth of 38%. Furthermore, the total client base for our WMS partnership has expanded to over 1,50,000 in FY 2023-24 from 92,229 in FY 2022-23, reflecting a YoY growth of 63%. The total fee income achieved from WMS was ₹ 21 Cr.

AGRI BANKING

Agriculture, with its allied sectors, continues to be an essential sector of the Indian economy, employing nearly three-quarters of the population 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 offers all types of Agricultural products suitable for the farmer community to take care of his 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.

Kisan Credit Card Scheme

Your Bank has introduced this 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 a digital version of the Kisan Credit Card scheme in association with Reserve Bank Innovation Hub (RBIH), which presents a new experience to the farmer in terms of credit delivery. The entire process, which is a paperless, seamless one, takes the farmer through a digital journey starting from onboarding the customer to disbursement of the loan. Your Bank has entered into various partnerships to expand the digital journey and to cater to the varied needs of the farming community. Agricultural advances of your Bank has registered a growth of 28% in FY 2023-24 and stood at ₹ 28,097 Crore as on March 31, 2024, against the base figure of ₹ 21,919 Crore. Your Bank is committed towards giving additional focus on this sector which holds a significant place in the Indian economy. Your Bank continued its focus on priority sector lending overachieving the targets for Priority sector and Agriculture lending.

Gold Loan

Your Bank has witnessed significant growth in its gold loan business, recording a remarkable growth of 27% at an impressive yield of 10%. Your Bank has pioneered a novel 'Part Release' process where the customers will now be able to release a part of the pledged ornaments without the need of closing the gold loan account which elevates the customer experience to new heights. Your Bank launched its exclusive gold loan branch & established a dedicated contact center for promoting gold loans, which have added to the positive trajectory of growth. As a leading innovator in gold loan services, your Bank has consistently introduced advanced solutions and process refinements in the gold loan journey to enrich the customer experience. Your Bank has been actively engaging with customers and delivering services to their doorstep, thereby achieving this remarkable growth and superior customer satisfaction.

Microlending through Business Correspondents (BCs)

Your Bank has always been a pioneer when it comes to leveraging industry trends and translating them into profitable business. Adopting the very essence of the motto of 'extending credit where credit is due', your Bank has been redefining the Microlending portfolio in a spectacular journey to becoming the "Most Admired Bank". Through various initiatives driven through both Branch and Business Correspondent (BC) channels, your Bank has adopted a unique blend of innovation and inclusiveness to bring about impactful business.

Upholding the vision of RBI and in compliance with Bank's Board approved policy on engaging Business Correspondents, your Bank now boasts of a network of 20 Corporate Business Correspondent tie-ups, exclusively for sourcing and servicing of the small value loans through exclusive Loan Origination Systems- Fedmi and Mifix.

Your Bank has launched Fedmithra in November 2023 which is the first of its kind in-house Loan Origination System for BC led MSE lending. With 2 active partners, your Bank is now helping business entrepreneurs across 6 states and 1 UT achieve their goals, the digital way.

Your Bank has gone live with the first co-lending arrangement on May 24, 2023 through a unique Loan Aggregator platform-Yubi. As of March 31, 2024, your Bank has 2 active arrangements spread across 7 States.

Your Bank is now transforming lives of people across 16 States and 2 UTs through Business Correspondent arrangements with 22 BCs out of which 11 BC were onboarded during FY 2023-24. It is a matter of pride that your Bank has been able to increase the business by 141% to ₹ 3,447 Crore during the financial year.

Financial Inclusion

Financial Inclusion initiatives aims at extending financial services to the large unserved population of the country to unlock their growth potential. Your Bank has always been a forerunner in its determination to achieve inclusive growth by ensuring the availability of financial services to the poor. Your Bank is committed to bringing the unserved population of the

country into the formal ambit and offering new lending avenues to this group through various Financial Inclusion initiatives.

Financial Literacy through rural branches and Financial Literacy Centres (FLCS)

Your Bank understands that business exists in the society and therefore, social sanction is of utmost importance when it comes to their survival and growth. Social commitment, is, therefore, an extremely important aspect of any business. Your Bank has pioneered initiatives including organising financial literacy classes by the branches to spread financial awareness amongst the masses. Currently, 205 Rural branches of your Bank conduct financial literacy campaigns regularly for all segments of the general population including women, senior citizens, self-help groups, school children, etc.

Federal Ashwas Financial Literacy Centres (FAFLCs) are the face of your Bank's commitment to providing free, unbiased, fair, and coordinated financial education through financial literacy classes as well as credit counselling. These Centres continue to serve as an extremely efficient and effective provider of financial literacy in rural and semi-urban areas. Your Bank's FAFLCs ensure that the target segments, which includes farmers, micro & small entrepreneurs, self-help groups, senior citizens, and school children, are provided a deeper insight into various Banking products and initiatives, without bias. During the financial year that ended March 31, 2024, FLCs could conduct around 1,711 literacy classes, and 653 counselling sessions (including Tele counselling), benefitting more than 1.11 Lakh people.

Your Bank has participated in the Financial Literacy Week (FLW) observed by RBI from February 26 to March 01, 2024 across the country. The theme for FLW 2024 was "Make a Right Start: Become Financially Smart", with a focus on Saving and Power of Compounding, Banking Essentials for Students as well as Digital and Cyber Hygiene.

Your Bank offers Pradhan Mantri Jan Dhan Yojana (PMJDY) accounts to the public with an overdraft (OD) facility available to eligible customers (mainly to weaker sections & low-income household groups), up to ₹ 10,000/-, with an objective to ensure access to financial services, namely savings & deposit accounts, remittance, credit, insurance and pension in an affordable manner. The PMJDY scheme is a zero-balance Bank account with added RuPay debit card and comes with free accidental death insurance cover of ₹ 2 Lakh. Till date, your Bank has 6,20,087 PMJDY accounts with an outstanding balance of ₹ 335.60 Crore. The average balance in PMJDY accounts as on March 31, 2024, is ₹ 5,412.27/-.

Your Bank actively promotes the PM's social security schemes Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Atal Pension Yojana (APY) launched by the Government of India in 2015. The PMSBY and PMJJBY schemes provide low-cost insurance benefits to the public for death or disability due to accident and for death due to any reason respectively. Atal Pension Yojana (APY) is the Government backed pension scheme provided to the unorganised sector. Your Bank had launched the WhatsApp enrolment model for PMJJBY and PMSBY which has been

instrumental in increasing the overall enrolment under the Social Security Schemes. As of March 31, 2024, the total enrolment under PMJJBY, PMSBY and APY are 90,625, 3,66,415 and 4,231 respectively.

TREASURY & MARKETS

Treasury manages the crucial functions of maintaining the statutory reserve and liquidity ratios, as well as managing the liquidity of the Bank 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. The liquidity management exercise on a medium-term basis is done by Treasury, keeping in mind the overall business requirement for funds, under close Coordination with the ALCO. Treasury is active in various Money Market Segments – Interbank, Certificate of Deposits, besides the Repo markets, for generating liquidity for the Bank, besides the options available for Refinance by specific Institutions. Apart from liquidity management and reserves maintenance, Treasury manages the Investments and utilises the trading and arbitraging opportunities across different markets. Also, the unit provides hedge and cover operations for both proprietary and its clients for the foreign exchange and interest rate risks. The Treasury dealing room is located in Mumbai with a disaster recovery site at Kochi and your Bank has dedicated full-fledged dealing desks in the major market segments namely, Foreign Exchange Interbank and Treasury Sales, Derivatives-Currency Options / Cross Currency Swaps / Interest Rate Swaps, Currency Futures, Interest Rate Futures, Overnight Index Swaps, Non-Deliverable Forwards, Non-Deliverable Currency Options, Bond Forward Rate Agreements, Domestic - Money Market, Government Securities, 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 and is continuously striving to improve the process and system of the Bank to account for the cost of funds. Your Bank is also providing a web-based trading platform and intraday trading facilities to clients in the CSDL segment. Treasury activities are further being augmented by a robust Front Office System which efficiently captures all the front-end dealings of your Bank and has a robust risk management and monitoring capability. This ensures total automation of the treasury activities and its seamless integration with your Bank's core banking system.

The Treasury Sales Team spread across the country, collaborates with the coverage team and provides tailored risk management solutions and help the diverse clients hedge their risks arising from foreign exchange or interest rate exposures. Your Bank is a preferred banker of Choice across segments through best-in class service delivery, customised solutions and optimum use of technology. Your Bank's key strength in providing structured risk management solutions, hedging advisory and execution skills makes it a preferred Treasury solutions provider to the clients. The Interbank desk caters close to one fifth of the remittances into the country and is a significant player in interbank market. The Derivatives Desk of your Bank continuously strives to expand its Treasury product basket, thereby bringing in a diversified revenue

stream, besides significantly adding value to the existing customer relationships. The extensive usage of data analytics in understanding customer business has also helped your Bank in increasing the Forex business through its branches.

The Financial Institutional Group (FIG) team manages the correspondent banking ecosystem of your Bank and ensures a smooth flow of cross-border transactions. Incrementally, it spearheads discussions with Institutional Clients, viz. Banks, Insurance Companies, Mutual Fund Companies, Alternate Investment Funds (AIFs) & other clients of institutional nature for wider engagement and treasury business opportunities. Your Bank has been giving thrust to the development of the forex business and is continuously working to improve the operating skills of relevant personnel through meetings, interactions and training programs. Your Bank is also at the forefront of conducting Foreign Exchange Dealers Association of India (FEDAI) training programs for the banking fraternity. This enables the designated branches to improve their operating efficiency substantially. Your Bank is a member of the Managing Committee of FEDAI and FAI and also a part of committee of FIMMDA.

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.

With the opening of IBU, your Bank caters to both domestic and international clients for their various funded and non-funded banking requirements in multiple jurisdictions. IBU has undertaken transactions with clients across various geographies covering more than 25 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, pharma, manufacturing, metals, media & entertainment, health care, electrical, food, construction, retail, etc. In FY 2023-24, IFSC Banking Unit/GIFT City became the banking

partner of the Infinity Forum, a joint forum organised by the International Financial Services Centers Authority (IFSCA), and GIFT City, under the aegis of the Government of India, as a precursor event to Vibrant Gujarat Global Summit 2024. 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.

DIGITAL & TECHNOLOGY

Digital transformation in your Bank is advancing effortlessly with the use of the newest technology. Your Bank also keeps the pace up with the technological innovations and is focussed on introducing new products and services to enhance the customer user experience. 94.30% of your Bank's transactions in FY 2023-24 were done through digital mode against 90.00% of the transactions in FY 2022-23. For retail customers alone, the usage was above 95.00%. Your Bank's UPI transactions as a remitter Bank recorded an increase of 43.50% for the FY 2023-24.

In order to provide personalised, contextual offers and services in real-time, your Bank is utilising cutting edge technologies like Machine Learning, Blockchain & Artificial Intelligence to obtain faster and deeper insights and make better and quicker decisions. Your Bank is committed to creating user- friendly, frictionless, safe, secure, and engaging experiences seamlessly across all channels.

Your Bank's various channels such as FedMobile, Fed-e-Biz, FedNet and FedCorp are continuously getting revamped considering the increase in the volume of transactions and the need to provide greater functionalities with use of latest technology to make it most convenient for the customers to carry out Digital transactions.

Mobile Banking applications for retail and corporate customers are being widely used and accepted by the customers and the Mobile Banking monthly volume of your Bank has surpassed ₹ 24,000 Crore as of March 31, 2024. The usage of the Mobile Banking App based on transaction volume has increased by 33% in volume during FY 2023-24. The increase in transaction count is 71% for FY 2023-24. Improving the customer experience was the primary focus of your Bank which resulted in the improvement of the Playstore rating of the Fed Mobile App by customers to 4.5. The average rating in the month of March 2024 was 4.6 in Playstore. Launching credit cards for NTB customers was a major feature addition along with many other feature improvements.

During FY 2023-24, Bank has launched various initiatives like conversational banking with Feddy, WhatsApp Banking, Electronic Bank Guarantee among others. To read about these initiatives please read page 12)

FINTECH PARTNERSHIPS

Indian Fintech Industry

Indian FinTech Ecosystem is the fastest growing industry, which is expected to grow over 2 trillion USD in terms of market opportunity by 2030. The growth will be propelled by lending and payments sectors which are showing stellar increase growth in terms of market growth. The industry is more and

more focussed on next-gen technology, simplifying product delivery and customer experience, all while ensuring relentless focus on regulatory compliance. India provides a phenomenal Digital Public Infrastructure (DPI) which enables traction for all emerging models and evolution in financial services. Regulators are also keen on innovation and enhancing customer experience while uncompromising on compliance, data privacy and security. With the advent of new technologies and the progress made by the country in Aadhaar based authentication and introduction of tools like Video KYC and other digital KYC methods, we have seen tremendous growth in FinTech space.

Industry structure and key developments in the industry

The year witnessed various initiatives from the regulators and the Government of India to foster innovation through FinTech. Reserve Bank of India introduced a framework for Self-Regulating Organisations (SROs) in India. These SROs aim to transform the dynamics between Banks and FinTech companies through interventions and interpretations. Notable guidelines including Digital Lending, IT Outsourcing, and enhanced KYC guidelines where published by RBI bringing a clear vision on how regulated entities shall approach partnerships. Additionally, the draft Digital Personal Data Protection Bill (DPDP) aligns India's long term need for aligning with global data privacy standards. The recent launch of Central Bank Digital Currency (CBDC) has made blockchain technology accessible to the public, fostering innovation. Open Network for Digital Commerce (ONDC), the open network connecting retailers to e-commerce, is expected to provide a level playing filed for Indian SMEs in the ecommerce space.

Bank's strategy on FinTech Partnerships

With the advent of the Digital Public Infrastructure and the innovations happening in the payment space, your Bank has been seeing FinTech as an opportunity for collaboration rather than competition. FinTech brings cutting edge technology to the Bank that can power innovation and hyper personalised customer experience. In 2018, your Bank invested in a state of the art API gateway which is the entry point of FinTech companies to the Bank and manged to host around 300 plus APIs over a period of 6 years. The comprehensiveness of the API gateway and its documentation is appreciated by the industry. Your Bank also formed an independent vertical exclusively for the collaboration with FinTech companies thereby creating the required expertise to work with partners and also to ensure the right attention to every partner who wishes to work with the Bank.

Federal Bank is today the most preferred partner Bank for FinTech Partnerships. Bank sees FinTech partnerships as an opportunity for distribution of its products as well as for bringing new technology capabilities to the Bank.

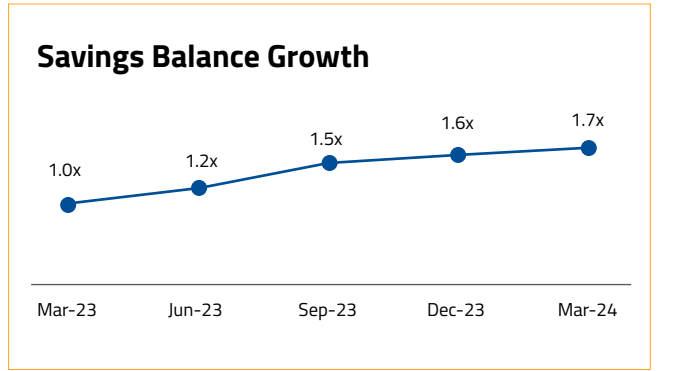
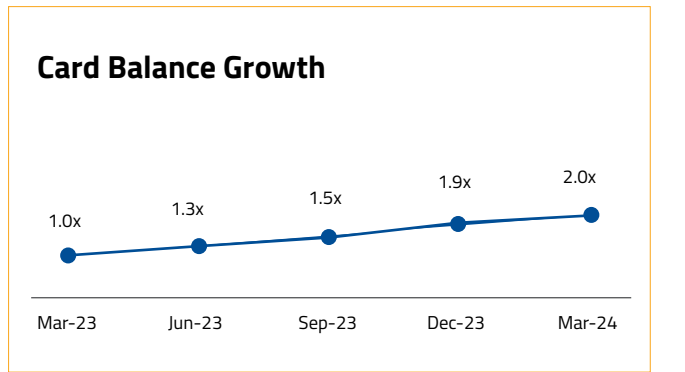
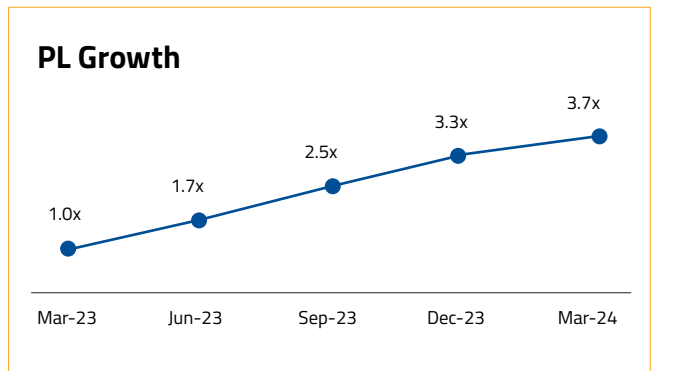
The Bank is working with FinTech Partners in the following four major domains/areas.

1. Liability Business
2. Co-Branded Credit Cards
3. Digital Personal Loans
4. Technology platforms/Solutions

All the partnerships are in alignment with the overall business vision and objectives of the Bank and the focus is on high margin businesses which are ROA accretive and new to Bank customer acquisition in geographies where Bank is not physically present.

Recap on the year gone by with major highlights/ achievements.

The initiative to introduce formal banking to the marginalised dairy farmers of Gujarat, in association with "Digivridhi", a Fintech working in financial inclusion space, was a flagship project of your Bank which attracted good reviews from the industry. This flagship project promotes financial inclusion and facilitates easy access to formal credit for marginalised dairy farmers, mitigating exploitation by informal credit systems. The same was instrumental in your Bank being selected by Business Today as the **Best Bank in FinTech initiative**.



New Partnerships launched in FY23-24:

Bank continued its journey of partnerships in FY 23-24 as well with the main focus on high yielding businesses like Personal Loans and Credit Cards.

1. Personal Loans

- **Bajaj Markets:** Bajaj Markets operates as an internet-based marketplace, providing a range of financial products and services through its digital platform. It serves as a digital lending platform for its partner institutions, along with insurance agent and investment advisories.
- **Fi :** Bank has started cross selling Personal Loans on the existing savings Bank portfolio sourced through the Fi. Money app. As the Bank has already acquired customers through the platform, the delivery of the PL has become very seamless and customers can avail the loans seamlessly in a few clicks.

2. Credit Cards

- **Fi:** Bank has started cross selling Credit Cards to the existing savings Bank portfolio sourced through the Fi. Money app. As the Bank has already acquired customers through the platform, the delivery of the credit card has become very seamless and customers can get a card with a few clicks.
- **Scapia:** Scapia is new gen travel app that connects people to the world through travel tickets and stays. Federal Scapia Co-branded credit, a Lifetime Free card offers exciting features like zero forex and other offers.

Way Forward

Currently your Bank has stopped the fresh issuance of credit cards through partnerships as Bank is building more resilience and implementing enhanced processes. Bank expects to relaunch issuances of new cards in Q2 subject to approvals from the regulator. Bank is seeing good traction for the digital personal loan business and the credit card business. A series of partnerships are lined up to be launched in the latter part of the FY 25 and most of these partnerships have completed the testing stage. The Bank expects to continue the momentum in customer acquisition through partnerships in FY 25 as well.

Opportunities for the future

India continues to demonstrate its hunger for new technologies in the BFSI sector. The Central Bank Digital Currency (CBDC) launched by the Government of India is expected to revolutionise the Indian payment ecosystem and its synergies with other economies. The strong interest for Open Network for Digital Commerce is promising and more than a million SMEs are expected to be a part of this network in the next two years. The concept of Open Banking is getting good traction with more and more use cases getting evolved and more adoption is expected in FY25 with more players willing to embrace this revolutionary concept in the country. The various regulations like Digital Lending Guidelines, Guidelines on Cards, Guidelines on IT outsourcing, the DPDP bill which is expected to take shape in FY 25 etc. are helping to remove the ambiguities in the partnerships between FinTech and the BFSI players. FinTech companies are capable to bring solutions that can improve customer experiences, solve some of the challenges in credit delivery, merchant acquisition and last mile connectivity. The

Bank expects that the momentum will continue in FY 25 as well and your Bank will continue to pioneer some of the innovative partnerships in the days to come.

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 and perfection of securities within the stipulated timeframe through regular follow-up. The department also regularly follows up and ensures proper compliance with post-disbursal covenants of credit sanction. Further, the department ensures the sufficiency and protection of underlying assets and ensures that the securities are updated and revalued at regular intervals. The department constantly reviews existing processes to identify process improvements and endeavours for digitisation of such processes for ensuring an excellent turnaround time.

CREDIT MONITORING

The preservation of asset quality is of paramount importance for your Bank and the Credit Monitoring Department deploys various tools to closely monitor the credit health of the portfolio on an ongoing basis. The department has put in place defined systems, procedures and practices, and developed various tools for gathering and analysing data from internal as well as external sources. To remain agile and up to date in the dynamic socio-economic environment, your Bank's Credit Monitoring Department is continuously upgrading its tools. Identifying stress during the nascent stage and initiating prompt corrective actions based on the data analysis form the crux of the credit health management process. Thus, stressed situations are identified well in advance and corrective action plans are implemented wherever required. Asset quality and credit discipline with compliance culture on an ongoing basis is ensured by your Bank through an end-to-end monitoring process by the Credit Monitoring Department.

ASSET QUALITY MANAGEMENT

Gross NPA as a percentage of Gross Advances of your Bank stood at 2.13% and Net NPA as a percentage of Net Advances of your Bank stood at 0.60%. Your Bank contained the credit cost to 0.23% for FY24 and continued to maintain adequate provision for NPAs and Provision Coverage Ratio (including technical write-offs) stood at 82.68%.

Your Bank has managed its NPA portfolio prudently and has relentlessly improved its collection and recovery architecture

to improve its asset quality. Different collection activities were initiated based on the risk profile of borrowers. Your Bank has used various analytical tools to predict the propensity to default and the collection score of the borrowers. Collection strategies were formed based on these analytics-driven reports. Your Bank has strengthened the collection mechanism through increased team strength and improved partnerships. Enhanced use of digital tools and analytics have also helped your Bank become one among the best in the industry, with respect to collection practices and efficiencies. Pre-Due reach out methods are employed based on analytics' inputs including collection risk segmentation of the accounts. This helps the borrowers/card holders in ensuring that they are not missing their due dates. These reach out methods include digital tools like SMS/IVR/Email and live tele-calls.

RISK MANAGEMENT

The Risk Management philosophy of your Bank is to take risk by choice, rather than by chance. Your Bank seeks to build scalable and resilient businesses by strictly adhering to the best risk management practices. Your Bank is exposed to various risks, that are inherent to any banking business. The major risks are credit risk, market risk including interest rate risk, liquidity risk, information and cyber security risk and other operational risks. Your Bank has a robust risk management framework in place, which covers the policies, procedures, methodologies and framework established to systematically manage these material risks.

- The Board of Directors oversees and approves the risk policies and strategies to establish an integrated risk management framework and control system in your Bank.
- The Risk Management Committee (RMC) of the Board oversees the management of various risks associated with business, systems, and processes.
- Executive Level Committees ensure the effective implementation of risk management policies.
- Integrated Risk Management Department headed by the Chief Risk Officer coordinates various risk management functions of your Bank.
- An independent risk governance structure has been put in place, duly ensuring the independence of risk measurement, monitoring and control functions.

The risk management framework is subjected to review and upgradation on an ongoing basis, in tune with regulatory guidelines and best practices in the industry. To focus on maximisation of risk adjusted return on capital, your Bank has aligned its business strategies to a Risk Appetite Framework. A risk-based pricing framework has been implemented for the pricing of loans to evaluate returns vis-a-vis risks taken.

Credit Risk Management

Macro factors such as a slowdown in economic growth, high inflation, imbalances in the economy, the stress in certain industries, etc and micro-level factors such as borrower-specific issues, poor underwriting standards, inadequate monitoring, weak collection and recovery mechanism, etc

are some of the few factors that contribute to the credit risk of a Bank. Your Bank has a robust system to monitor such developments and take remedial actions.

Your Bank has a centralised credit risk management division, independent of its business functions. It has strong credit appraisal and risk management practices in place for identification, measurement, monitoring, controlling, and reporting credit risk.

Further, your Bank has a distinct credit risk architecture, policies, processes, and systems for managing credit risk in both its retail and wholesale businesses. Credit risk policies approved by the Board, best industry standards and risk controls are followed while extending credit to the borrowers. Wholesale lending is managed on an individual as well as portfolio basis. In comparison, Retail lending, due to the granularity of individual exposures, is managed largely on a portfolio basis across various products and customer segments. Credit risk is meticulously managed by capping exposures based on the individual borrower, group, industry, credit rating grades and geography, amongst others.

For both categories, there are robust follow-up and monitoring mechanisms including an automated EWS system in place to ensure credit quality and minimise defaults. Your Bank has a comprehensive risk rating system that serves as a single point indicator of diverse risk factors of the counterparty. Robust statistical scorecards are used in the retail credit appraisal process. Your Bank also uses Behavioural/transactional models for monitoring the transaction behaviour of retail loans, including MSME and agricultural loan accounts. Commercial/ Wholesale Borrowers are subjected to credit rating and loans are granted only to those borrowers falling within defined thresholds of risk levels.

Your Bank follows a policy of portfolio diversification and evaluates its total financing exposure to a particular industry in the light of its growth forecast and profitability. Your Bank's Credit Risk division monitors all major sectors of the economy and specifically tracks industries in which your Bank has credit exposures. Your Bank also has a framework for managing concentration risk with respect to single borrower and group exposures, based on the internal rating and track record of the borrowers. The exposure limits for lower-rated borrowers and groups are substantially lower than the regulatory limits. Your Bank reviews the performance of major sectors in the economy on a periodical basis and identifies the sectors which are in stress / expected to be in stress. Such sectors are internally classified as stressed and additional exposures to such sectors are not normally entertained.

Your Bank has framed an Environmental and Social Management System (ESMS) policy to ensure that more focus is provided for lending to environmentally and socially sustainable projects. Environmental and social risks posed by the business activities of the borrowers are assessed at the time of underwriting of the loan proposal and suitable corrective actions are stipulated, wherever required, to mitigate such risks.

Your Bank is continuously reviewing and validating the credit rating models/scorecards for their appropriateness and

predictiveness. As part of upscaling the high margin credit portfolios, your Bank has been transitioning to state-of-the-art look-alike rating models using Bureau inputs for both secured and unsecured facilities for arriving at the best-informed Credit decision. Credit risk management in your Bank, through its various policies, risk-assessing tools and risk-mitigating measures, ensures robust credit growth with superior asset quality. Stress levels are periodically benchmarked against the peer group as part of continuous monitoring and to take appropriate remedial measures. Your Bank also ensures on a regular basis that stress is contained within the risk tolerance levels fixed for each business segment.

Your Bank has formed a dedicated Market Intelligence Unit with a focus on large borrowers to facilitate the collection and processing of multiple sources of information with an objective to preventing adverse selection of borrowers and throw up early warning signals of possible fraud or credit risk, both at the sanctioning stage and through the lifecycle of the credit relationship.

Macroeconomic models are overlaid on the internal ratings to capture the challenges emanating from external environments, during which the economic activities become highly dynamic and volatile. Your Bank conducts stress testing of the portfolios and ensures necessary remedial actions, wherever warranted.

Currently, capital charge for Credit risk is computed using the standardised approach. RBI guidelines on Basel III capital regulations have been implemented and your Bank is sufficiently capitalised as per the current requirements under Basel III. Your Bank is gearing up for migration to ECL regime as and when announced by the Regulator.

Market Risk Management

Market Risk arises largely from your Bank's statutory reserve management and trading activity in interest rate instruments, equity and forex market. Your Bank has a well-developed framework, comprising of Board approved policies and established practices, for the management of the market risk. Your Bank has set risk appetite and Value at Risk (VaR) limits to measure and control interest rate risk, equity price risk, forex risk, liquidity risk and other market-related risks. Your Bank is using various tools like stress testing, modified duration, PVBP, VaR, position limits, loss limits, NOOP limit, AGL, etc to monitor and contain market risk. The department has established an independent Mid Office on the floor of Treasury, as part of the Market Risk Division, which reports to the Head of Market Risk and functions as the risk control unit for the activities of Treasury and IBU. Your Bank's Market Risk Division monitors key parameters on a periodic basis and recommends changes in policies, processes and methodologies. The Mid Office scrutinises treasury deals and transactions from both market risk and operational risk perspectives. Your Bank has put in place detailed policies for the conduct of business, exposure to market risk and effective management of all market risk exposures. The policies and practices also take care of monitoring and controlling liquidity risk arising out of its banking book, trading book and off-balance sheet exposures.

Currently, capital charge for market risk is computed under the Standardised Duration Approach. Value at Risk (VaR) is the tool used for monitoring risk in your Bank's trading portfolio. The VaR and Stressed VaR for market portfolios are monitored daily.

Liquidity Risk Management & Interest Rate Risk Management

Liquidity risk is the potential inability to fund an increase in assets, decrease in liabilities or meet obligations as they fall due, without incurring unacceptable losses. Your Bank monitors Liquidity Risk through Liquidity Coverage Ratio (LCR), Structural Liquidity Gaps, Dynamic Liquidity monitoring, Liquidity Ratio analysis, prudential limits for negative gaps in various time buckets, etc.

Interest rate risk is the risk where changes in market interest rates affect the Bank's earnings through changes in its Net Interest Income (NII) and the market value of equity through changes in the economic value of its interest rate sensitive assets, liabilities and off-balance sheet positions. Interest Rate Risk on Trading Portfolios is monitored through Market Risk Measurement tools such as VaR, PV01, etc on a daily basis.

The policy frameworks for the management of liquidity risk and interest rate risk are established vide your Bank's Asset Liability Management Policy. Your Bank has established appropriate risk appetite limits and other tolerance limits for both liquidity risk and interest rate risk. While the maturity gap and stock ratio limits help manage liquidity risk in your Bank, regular assessment of its impact on the NII and economic value help mitigate interest rate risk. This is complemented by a stress testing program covering both liquidity and interest rate risk. Your Bank conducts various studies to assess the behavioural pattern of non-contractual assets and liabilities and embedded options available to customers, which are used while managing maturity gaps. Further, your Bank also has the necessary framework in place to manage intraday liquidity risk. Your Bank's Asset Liability Management Committee (ALCO) is responsible for monitoring its adherence to liquidity risk and interest rate risk limits.

Liquidity Coverage Ratio (LCR), a global standard to assess an organisation's ability to meet its payment obligations, is used as a measure to assess your Bank's liquidity position. LCR level ensures that the Bank has an adequate stock of unencumbered High-Quality Liquid Assets (HQLA) that can be converted into cash easily and immediately to meet its liquidity needs under a 30-day calendar liquidity stress scenario. Based on Basel III norms, RBI has mandated a minimum LCR of 100% from January 01, 2019. Your Bank's LCR as on March 31, 2024, stood at 108.43% and the average LCR was at 127.84% for the quarter ended March 31, 2024.

RBI has also mandated a minimum Net Stable Funding Ratio (NSFR) of 100% with effect from October 01, 2021. NSFR indicates that the Bank maintains a stable funding profile in relation to the composition of its assets and off-balance sheet activities. As a prudent risk management practice, your Bank has been monitoring this ratio on a periodical basis, to ensure that your Bank is maintaining the ratio above the benchmark

stipulated by RBI. Your Bank's NSFR as on March 31, 2024, stood at 132.93%.

Operational Risk Management

Your Bank has a comprehensive framework comprising policies, processes and systems for the measurement and management of operational risks. Operational risk is primarily managed by prescribing adequate controls and mitigation measures, which are being reviewed and updated regularly, to suit the changes in business practices, structure and risk profile. Your Bank is identifying and assessing operational risk through Risk and Control Self Assessments (RCSA) and monitoring of Key Risk Indicators (KRI). New products and processes or any modifications to existing products and processes are vetted to identify and understand the nature and degree of the risks your Bank would be exposed to, and suitable checks and controls are implemented to mitigate such risks. Your Bank has also put in place a fraud prevention framework, whereby various transactions are monitored by dedicated teams from the angle of fraud risk and Anti Money Laundering (AML).

Business Continuity Management

Your Bank has put in place a comprehensive Bank-wide Business Continuity Management (BCM) plan and procedure to ensure the continuity of critical operations of the Bank in the event of any disaster/ incident affecting business continuity. Your Bank's Business Continuity Program is developed considering the criticality of the functions performed and the systems used. In terms of the Business Continuity Management Policy approved by the Board, Business Continuity Management (BCM) Committees have been formed at all units of your Bank, which act as a Primary Crisis Management Team in the event of any business disruption. A Central Crisis Management Team (CCMT) is in place to take responsibility and act swiftly in case of any breakdown/ failure of critical systems, or occurrence of natural disasters/ accidents/pandemics affecting business continuity. Periodic drills and tests are conducted to evaluate the effectiveness of the business continuity arrangements and necessary steps are taken wherever needed.

Your Bank has received ISO 22301 certification for the Business Continuity Management System implemented in its IT, centralised operations and clearing functions.

Information security & Cyber security

Your Bank has a robust information and cyber security framework for securing its IT infrastructure and includes guidelines for data security and incident handling. The Information Security Team headed by the Chief Information Security Officer (CISO) formulates and periodically reviews the information and cyber security policies and practices.

Your Bank has implemented state of art cyber security solutions to protect its systems and prevent Cyber security attacks. Your Bank has a Security Operations Centre (SOC) which performs security monitoring around the clock. Dissemination of information and cyber security awareness among the staff and customers is undertaken regularly through various modes. Your Bank has received ISO 27001 accreditation for its critical IT areas including Data Centre, DR Site, ATM Switch, etc. Your

Bank has also received the PCI-DSS certification for its card payments infrastructure.

Internal Financial Controls

Your Bank has put in place a comprehensive internal financial control framework which is supplemented with appropriate procedures and followed across all its business and support activities. The internal controls implemented are intended to manage/ mitigate the risks, ensure compliance with laws and regulations, and provide reliable and timely financial reporting. Your Bank has sound processes for periodic assessment and review of internal controls. Risks inherent in all business/support activities are identified and assessed on a periodic basis. The related controls are also identified and evaluated in terms of their effectiveness. Risk and Control registers are prepared for all processes and products. The adequacy and effectiveness of these controls are independently assessed regularly and if gaps are observed, action plans are prepared and implemented by the product/ process owners for remediation of risks and control improvements. These aspects are periodically reviewed by the Operational Risk Management Committee.

Compliance with Basel Framework

Currently, your Bank is using Standardised Approach for credit risk, Basic Indicator Approach for operational risk and Standardised Duration Approach with respect to market risk for the computation of capital charges under Basel guidelines. Further, your Bank is gearing up with data build-up and system requirements for migrating to advanced approaches. The Capital Adequacy Ratio of your Bank as on March 31, 2024, under Basel III norms stood at 16.13%. Your Bank's Common Equity Capital level of 14.61% offers good cushion for further expansion and growth in your asset portfolio and complies with the requirements of Basel III norms. The Capital Adequacy Ratio at the consolidated Bank-level stood at 16.45%. RBI guidelines on Basel III demand the building of capital and liquidity buffers in phases and seek to enhance the minimum core capital, introduce a capital conservation buffer, and prescribe a countercyclical buffer. Your Bank has complied with the guidelines for maintaining Capital Conservation Buffer and is well-capitalised and fully prepared for maintaining Countercyclical Capital Buffer when RBI mandates it. Your Bank has also complied with the Liquidity Coverage Ratio (LCR) prescribed under Basel III norms. The LCR of your Bank on a consolidated basis as on March 31, 2024, stood at 108.42%. Your Bank's approach to capital adequacy is driven by strategic and organisational requirements while taking into account the regulatory and macro-economic environment. Capital management involves an ongoing review of the level of capitalisation against the set risk appetite and maintaining a strong capital base to support long-term stability, planned business growth and mitigate inherent risks in various businesses. Your Bank endeavours to maintain a strong Tier I capital position as part of the overall business strategy and as a source of competitive advantage. It assures regulators and credit rating agencies while protecting the interests of depositors, creditors and shareholders. Strong capitalisation also enables your Bank to take advantage of attractive business opportunities. Your Bank strives to strike a balance

between the need for retaining capital for strength and growth while providing an adequate return to shareholders and sets an internal Capital Adequacy ratio target that includes a buffer in excess of the minimum regulatory requirement. In addition to the regulatory risk-based capital framework, your Bank is also subject to a minimum Leverage Ratio requirement and maintains a Leverage ratio that is higher than the regulatory requirement. Your Bank has a structured management framework in the Internal Capital Adequacy Assessment Process (ICAAP) to identify, assess and manage all risks that may have a material adverse impact on its business/ financial position/ capital adequacy. The ICAAP framework is guided by a comprehensive Board approved ICAAP Policy. ICAAP is aimed to ensure that your Bank maintains capital commensurate to its risk profile and improves upon its risk management systems and framework on an ongoing basis. It involves a realistic assessment of the level of risks inherent in the business operations of the Bank and setting aside adequate capital to cover all such risks. The annual ICAAP is placed before the Board and the Risk Management Committee (RMC). A quarterly review of the ICAAP is conducted and placed before the RMC. The capital management framework is also complemented by the risk management framework, which covers the policies, processes, methodologies and frameworks established for the management of material risks. Additionally, the Board approved Stress Testing Policy and Framework entails the use of various techniques to assess potential vulnerability to extreme but plausible stressed business conditions. Based on the stress testing policy approved by the Board, your Bank conducts stress tests on various portfolios and assesses its impact on the capital ratios and the adequacy of capital buffers for current and future periods. Your Bank periodically assesses and refines its stress testing framework to ensure that the stress scenarios capture material risks as well as reflect possible extreme market movements that could arise as a result of market conditions and the operating environment.

Environmental & Social Management System

Your Bank has put in place an 'Environmental and Social Management System (ESMS) Policy' for all lending activities as part of strengthening the Bank's commitment to the cause of sustainable development as desired by the Government, regulators and other stakeholders. ESMS policy enables your Bank to mitigate the negative environmental and social impacts posed by the lending activities. The policy prescribes an exclusion list i.e., the list of activities restricted for lending operations considering its potential significant impact on the environment and/ or the society. Your Bank has also adopted evaluation of high value proposals against the IFC Performance

Standards as defined in the ESMS policy. Detailed E&S Due Diligence (ESDD), internal or external, is conducted for high value project loans/ long term loans falling in certain high E&S risk sectors. Such proposals are classified into one of the three categories (Cat A, Cat B or Cat C) based on the inherent E&S issues associated with the project and the remedial actions / mitigants already put in place/agreed to be put in place by the borrower. Based on the outcome of ESDD, certain proposals also warrant presanction review by MD & CEO level E&S Committee/ Board level committees. Specific E&S covenants, both pre-sanction and post sanction may be prescribed by the committee, if warranted. The Environmental and Social Action Plan (ESAP), thus agreed between the Bank and the borrower, is periodically monitored for its compliance. Your Bank has also developed an internal team for conducting E&S due diligence by recruiting E&S specialists on its roll. Effective implementation of ESMS policy helps your Bank to address the E&S risks arising from its lending portfolio in a timely manner.

Your Bank acknowledges the growing concern arising out of climate change and the role Banks needs to play in managing the Climate Risk and support Climate Actions. Your Bank has committed to not to fund any new or significant expansion of thermal coal mines/ coal-fired power plants and oil & gas exploration activities. Your Bank has also set out a Coal phase out policy by December 2030 for the existing coal related sub-project exposures. Your Bank also has committed to support climate funding requirements through building a ₹ 13,000 Crore Green Loan portfolio by December 2025.

EMPOWERING EXCELLENCE: FEDERAL BANK'S HUMAN RESOURCES ODYSSEY

Your Bank stands as a beacon of progressive human resource practices, epitomizing a culture where employee well-being, community engagement, and organizational excellence converge to create an unparalleled workplace environment. The journey over the past year shows the unwavering commitment to nurturing a holistic ecosystem that empowers, engages, educates, elevates and excels every individual associated with the organisation. Your Bank has crafted a workplace that is nurturing, inclusive, and visionary, continually adapting to the evolving needs of employees and the broader societal landscape. The journey is a testament to the power of human potential, and as we move forward, we remain dedicated to unlocking this potential, fostering a workplace where every individual's journey is valued, and their possibilities are limitless. The total human capital of your Bank stands at 15212 at the end of the financial year. The average age of employees is 35 years, and the current male-female ratio is 58:42.

Total Number of New Employee Hires by Category, Region, Age, and Gender

Categorisation	2023-24			2022-23			2021-22		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
By Employee Category									
Associates	407	332	739	128	118	246	141	93	234
Middle Management	960	934	1,894	806	551	1,357	446	446	892
Senior Management	15	4	19	8	1	9	3	2	5
Top Management	3	-	3	3	1	4	2	2	4
Subsidiary Employee	-	-	-	-	-	-	-	-	-
By Region									
East	105	70	175	52	26	78	27	24	51
West	211	121	332	278	141	419	143	106	249
South	910	961	1,871	544	460	1,004	367	383	750
North	159	118	277	71	44	115	55	30	85
By Age									
<30	1,269	1,155	2,424	844	629	1,473	542	510	1,052
30-50	109	101	210	100	42	142	47	33	80
>50	7	14	21	1	-	1	3	-	3
Total	1,385	1,270	2,655	945	671	1,616	592	543	1,135

Categorisation	2023-24			2022-23			2021-22		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
By Employee Category									
Associates	2,934	2,459	5,393	2,742	2,317	5,059	2,847	2,369	5,216
Middle Management	4,809	3,663	8,472	4,309	3,006	7,315	3,891	2,655	6,546
Senior Management	944	287	1,231	749	225	974	730	204	934
Top Management	93	23	116	91	18	109	81	13	94
By Employee Contract									
Permanent	8,544	6,114	14,658	7,730	5,376	13,106	7,502	5,139	12,641
Contract	236	318	554	161	190	351	47	102	149
By Employee Type									
Full Time Employees (Headcount)	8,737	5,867	14,604	7,853	5,061	12,914	7,509	4,713	12,222
Part Time Employees (Headcount)	43	565	608	38	505	543	40	528	568
By Region									
East	608	311	919	536	268	804	520	257	777
West	1,235	618	1,853	1,095	556	1,651	1,047	541	1,588
South	6,138	5,067	11,205	5,582	4,408	9,990	5,336	4,125	9,461
North	799	436	1,235	678	334	1,012	646	318	964
By Age									
<30	3,065	2,384	5,449	2,313	1,657	3,970	2,002	1,477	3,479
30-50	786	745	1,531	4,731	3,208	7,939	4,551	3,037	7,588
>50	4,929	3,303	8,232	847	701	1,548	996	727	1,723
Total	8,780	6,432	15,212	7,891	5,566	13,457	7,549	5,241	12,790

Return to work

2023-24	No. of employees entitled to parental leave	No. of employees that took parental leave	No. of employees who returned to work after leave ended	No. of employees who returned to work after leave ended and were still employed after 12 months	Return to work rate	Retention Rate	Employees who took parental leave in FY 22-23
Maternity Leave	6432	285	283	353	99.30%	95.66%	369.00
Paternity Leave	8780	391	391	437	100.00%	98.65%	443.00

Managing Relations

We have implemented a robust Employee and Worker Relation Management mechanism to foster a positive and productive work environment. Sufficient notice is published on our Bank's intranet platform, digital communication channels, and internal journal to inform all employees of the implementation of significant operational changes that could substantially affect them. There is no specific notice period or specific provision in collective agreements for consultation. Negotiation/collective bargaining takes place whenever Trade union raises a demand or concern and the meetings take place on mutually agreed dates, subject to the convenience of both sides. We conduct townhall meetings periodically to engage with employees. We recognise the right to freedom of association and collective bargaining. We have people representatives to address employees' concerns and issues. We have an Association for Officer (permitted members are Officers up to Scale III) and a Union for members of Award Staff.

Health and Safety

At Federal Bank, we understand the critical role of workplace health and safety in maximising organisational effectiveness. We have implemented a SOP on Health and Safety, providing a comprehensive framework for managing risks. Federal Bank is dedicated to ensuring the employees (as well as contractors and visitors) remain risk-free in terms of health and safety at work. The Bank is also dedicated to the improvement of safety measures and the elimination of possible workplace injury and illness. In addition, our Business Continuity Management Policy prioritises safety of the employees. Bank is having an emergency response procedure and detailed SOPs that cover the steps to be taken in case of emergencies like fire, floods, earthquake etc.

Hazard identification, risk assessment, and incident investigation: Considering the nature of the business, this is applicable only to a limited extent. The Bank has put in place risk mitigation measures which include –

- Access control systems for administrative offices and highly secure facilities.
- CCTV linked to a Central Remote Monitoring Centre which carries out e-surveillance 24x7.
- Physical Security.
- Fire alarm system consisting of smoke and heat detectors and alert mechanism.

The Bank has SLAs in place with all utility vendors to ensure regular preventive maintenance and health check-up. In addition, the Bank has nominated employees comprising the Emergency Response Team (ERT) for each location who are responsible for reporting work-related hazards, if any. Advisories on various safety related aspects including weather warnings are issued from time to time.

Occupational Health and Safety Management System: The Bank has nominated officials as members of its Incident Response Team who have been given hands-on training in responding to fire and medical emergencies. Employees can report risks/ hazards through the Bank's internal portal which

works through a defined escalation mechanism. Employees have access to an internal portal on which any risk/ hazard can be reported. This is reviewed at the Zonal Level and action taken to mitigate/ remove the risk. Periodic training on dealing with fire and medical emergencies are conducted for employees. Work related risks/ hazards getting reported through internal processes are reviewed initially at the Zonal level and thereafter at the Corporate level. Depending on the nature of risk/ hazard, a thorough investigation is carried out by the Bank. These incidents are reported to the Operational Risk Management Committee along with action taken to mitigate and controls employed.

Employees are periodically given hands-on training on handling fire extinguishers and medical emergencies. The members of the Incident Response Team act as the First Responders in case of an emergency and thereafter intimate the Crisis Management Team which thereafter takes charge and provides guidance. The Bank also has a 24x7 functional Remote Monitoring Station which intimates the appropriate functionaries in the event of any emergency.

The Bank emphasises on aspects of health and safety through the SLA with third party vendors and has ensured that the required covenants have been included in the SLA.

Federal Bank: A Beacon of Excellence

Your Bank's commitment to excellence in human resource practices and organisational culture has been consistently recognised through prestigious awards, reflecting our leadership in the banking sector. These accolades underscore our strategic foresight, inclusive policies, and dynamic workplace environment that align with global standards.

- **Leading the Future of Work:** Your Bank has been honoured with the award for Future of Work, Workforce, and Workplace in the Large Segment at the People Pioneers Awards 2024, hosted by TechCircle, a Mosaic Digital company under Hindustan Times Media Limited. This award highlights the innovative approach to adapting and shaping the workplace of tomorrow.
- **Championing Diversity & Inclusion:** Your Bank's efforts in promoting diversity and inclusion have been recognised with the 1st Runner-Up position in the Diversity & Inclusion Excellence Award for "Best Employer for Women" (Large Category) by ASSOCHAM. This accolade affirms your Bank's commitment to creating an equitable and supportive environment for all employees.
- **A Great Place to Work:** Your Bank has been recognised by the Great Place to Work organisation, reaffirming our commitment to cultivating a remarkable workplace culture and honoured to have been celebrated across multiple distinguished categories, highlighting our dedication to employee satisfaction, inclusivity, and professional development.

1. India's Best Workplaces™ in BFSI 2023: The Bank is proud to be acknowledged as one of the premier workplaces in the Banking, Financial Services, and Insurance (BFSI) sector for 2023. This accolade is a testament to the Bank's

continuous efforts to create a nurturing and rewarding work environment.

2. India's Best Companies to Work For 2023 (Top 100): By securing a coveted position among India's Top 100 best companies to work for, your Bank exemplifies excellence in workplace culture, employee engagement, and opportunities for career growth.
3. India's Best Workplaces™ for Millennials: Your Bank's inclusion in the top 50 of India's Best Workplaces™ for Millennials 2023 showcases the ability to engage with and meet the aspirations of the younger generation, fostering a vibrant and progressive work culture.
4. India's Best Workplaces™ for Women 2023: The Bank's unwavering dedication to gender diversity and inclusion has earned the recognition as one of the best workplaces for women in 2023. This honour highlights your Bank's dedication to nurture a workplace that values and empowers female employees.
5. India's Best Workplaces™ in Banks 2023: Being named one of the best workplaces in the banking sector for 2023 reflects the Bank's high standards for employee satisfaction, professional development, and fostering a positive organisational culture.

- **Envisioning the Future:** The Economic Times Future Ready Organisations Award 2023-24 has been bestowed upon your Bank, recognising our initiatives and readiness in evolving with the changing business landscape and setting benchmarks for the industry.

These awards not only celebrate achievements but also reinforce your Bank's resolve to continue being a pioneering force in the banking industry, committed to innovation, diversity, and excellence.

The Journey Forward

Reflecting on the past year, your Bank's human resource initiatives stand as a beacon of innovation, inclusivity, and integrity. The journey has been transformative, not only in the realm of HR practices but in the very fabric of the Bank's organisational culture. Your Bank has not only responded to the evolving needs of the employees but have also proactively shaped a workplace environment that is nurturing, empowering, and forward-looking. As we march forward, our resolve is stronger than ever to build on these foundations, continually seeking new horizons of employee engagement, community impact, and organisational excellence. The journey is ongoing, and the path ahead is bright with the promise of innovation, growth, and enduring contributions to the broader tapestry of society. Your Bank, with its heart firmly rooted in its people and its eyes set on the future, continues to lead the way in redefining the landscape of human resource management, crafting a legacy of excellence that resonates far beyond its immediate sphere.

For more on our People read page 80.

INTERNAL AUDIT

Internal Audit independently evaluates the adequacy, completeness, operational effectiveness and efficiency of all

internal controls, risk management/governance systems and processes of your Bank. The Audit Committee of the Board provides direction and reviews the adequacy of the internal audit function, including its reporting structure, staffing, coverage and frequency of audits. The Head of the Internal Audit Department is designated as the "Chief Internal Auditor" of the Bank and reports directly to Managing Director & CEO. An executive-level committee named the "Internal Audit Review Committee of Executives" headed by the Managing Director & CEO, oversees the internal audit functions and reviews the audit procedures and methodologies, the effectiveness of audit systems, progress in completion of audits, risk rating of branches and significant audit findings.

The Internal Audit Policy, Information System Audit Policy, Policy on Appointment of Statutory Auditors and the Internal Audit Procedure & Guidance Manual, which serve as the basic guidance documents for the Internal Audit function, are subjected to annual review. The review covers appropriate modifications and refinements based on the observations made by the Reserve Bank of India in Risk-Based Supervision, other regulatory guidelines, changes in internal rules and guidelines and directions of the Audit Committee of the Board and the Board of Directors. The review and modifications ensure that the audit systems and procedures are contemporary and continue to be an effective tool for monitoring control and compliance in your Bank. Internal Audit is responsible for self-assessment of the Bank's internal financial controls by testing and validating the effectiveness of controls on an ongoing basis.

All activities (including outsourced activities) and all entities (including subsidiary companies) of your Bank fall within the ambit of internal audit. The major audits undertaken by your Bank during the financial year are:

Risk-Based Internal Audit- Your Bank has leveraged Risk-Based Internal Audit (RBIA) as a tool to assess the risks in its processes, operations and the effectiveness of related controls.

The RBIA Framework was subject to review and a revised framework extending RBIA to centralised functions and departments, in addition to branches, was implemented during the Financial Year.

Risk-Based Internal Audit focuses on prioritising the audits and audit resources based on composite risk rating derived from the level of inherent business risks and control risks.

Information System Audit- Information System Audit collects and evaluates the evidence to determine whether the information system safeguards assets, maintains data integrity and availability, achieves organisational goals effectively and consumes resources efficiently. It focuses on the risks that are relevant to information assets and assesses the adequacy of controls implemented for mitigating the risks. All critical IT infrastructures in your Bank are subjected to Information System Audit by information systems professionals from reputed CERT-IN empanelled external audit firms and Certified Information System Auditors (CISA) of your Bank. Critical Information Systems are subjected to Vulnerability Assessment & Penetration Testing (VAPT) every quarter. In addition to this, Information System Audit covers

the physical security of IT systems and business continuity procedures followed at branches/ offices.

Management Audit- Management Audit is conducted for non-critical departments, and the same essentially focuses on identifying the adequacy and effectiveness of processes adopted for decision-making in these Departments. The feedback from management audit is relied upon by the auditee units to improve the processes, procedures and systems in place in such offices.

Offsite Audit- Offsite audit is a forward-looking diagnostic tool to identify gaps in the systems and procedures of your Bank. The entire revenue audit in your Bank is undertaken through Offsite Audit. Your Bank leverages Computer Aided Audit Tools (CAAT) for generating and analysing exceptions while conducting offsite audits.

Concurrent Audit- Your Bank is increasingly relying on 'Concurrent Audit' as an early warning system to ensure near real-time detection of irregularities and lapses and also used as a tool to prevent fraud. Your Bank has implemented the revised Concurrent Audit framework, duly approved by the Audit Committee of the Board, as per the RBI circular dated September 18, 2019, with effect from April 01, 2020. During the year under review, Concurrent Audit was in place in 300 branches and 87 offices, covering 62.55% of total advances and 50.79% of total deposits of your Bank. The offices covered under the Concurrent Audit include the Treasury Department, Operations Department, Information Technology Department, Loan Collection and Recovery Department, Zonal Credit Administration Divisions, Depository Participant, International Financial Service Centre Banking Unit, National Credit Hubs, Large Corporate Hubs, Regional Credit Hubs, Centralised Retail Credit Hubs, Corporate Client Service Centres, Retail Assets and Cards (Organic Credit cards), Transaction Banking Department, Digital Centre of Excellence, Fintech Partnerships, Regional Cheque Processing Centres, Transaction Monitoring and Fraud Prevention Department, AML Monitoring Department, Credit Monitoring Department, Exceptionally Large Branches and Branches where RBIA risk rating is assessed as "High". Concurrent Audit is also conducted in all the currency chests as required by the Reserve Bank of India. 338 External Auditors / Audit Firms, 13 Retired Officers and 7 internal audit staff were engaged for concurrent audit assignments during the period.

Thematic Audit- Thematic audits of activities/ systems & applications/ processes/ products is carried out centrally. The objective of thematic audit is to focus on a particular audit theme across sectors/functions or units within the organisation to identify the extent of compliance / non-compliance to internal as well as external (statutory/regulatory/supervisory) policies / directions and facilitate appropriate corrective actions through suitable recommendations.

Third Party Due Diligence / Audit- A comprehensive Risk-Based Due Diligence of Partners/Service providers is conducted to ensure that they are financially stable, comply with all regulatory norms and have all the required information security controls in place to safeguard the interests of all the stakeholders of your Bank. Periodic review is also conducted on these units.

The Internal Audit Department is manned by appropriately qualified personnel and has a staff strength of 130 officers (as on March 31, 2024) with expertise and exposure in all activities of your Bank, such as branch operations, credit sanction, credit monitoring, clearing operations, information technology, risk management and treasury operations.

During the FY 2023-24, 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 and IFSC	1040
Risk-Based Internal Audit /Management Audit of Departments/Offices	111
Revenue Audit	1341
Gold Loan Audit	1852
Credit Audit	2569
Legal Audit	934
Annual Audit of currency Chests	9
Due Diligence/Vendor Audits of Outsourced agencies/ Managed Services	209
Audits of Federal Ashwas Financial Literacy Centres	22
Offsite audits	86
Thematic audits	14

* Information System Audit have been merged with the RBIA of Branches and RBIA/Management audit Departments/Offices from FY 2023-24.

TRANSACTION MONITORING & FRAUD PREVENTION

Your Bank is having a fully equipped Transaction Monitoring & Fraud Prevention Department with state-of-the-art monitoring tools working round the clock. The transactions in Core Banking and various online channels are monitored by the Transaction Monitoring Team. UPI transactions are monitored on NPCI's e-FRM tool. Monitoring of POS acquiring, and Payment Gateway (Cards) transactions is also under the purview of the Department, to have a holistic control over the transaction monitoring activities of the Bank. A Proactive Risk Manager (PRM) tool has been implemented for monitoring Debit Card transactions. Monitoring of Credit Card transactions is carried out on a dedicated tool – Falcon. With the introduction of Credit Card issuance through Fintech partnerships, a dedicated monitoring team has been set up under Department to monitor the transactions on Fintech Credit Cards

Transaction Monitoring Team could identify suspicious online transactions and take immediate remedial measures to prevent further occurrence. The close association with Cyberdome of Kerala Police has been instrumental in preventing many fraudulent transactions and making recoveries to a reasonable extent. Your Bank has associated with the Ministry of Home Affairs on their initiative of the Citizen Financial Cyber Fraud Reporting Portal. A dedicated team has been set up, which is working on a 24X7 basis, to attend to the cases reported by Police authorities, initiate immediate preventive steps to arrest the further flow of disputed funds and help police authorities in the investigation of financial cybercrimes.

ANTI- MONEY LAUNDERING

As we reflect on the past year, the AML (Anti- Money Laundering) Monitoring Department has witnessed significant accomplishments and milestones. Despite the challenges posed by evolving regulatory landscapes and the emergence of sophisticated financial crimes, the team remained steadfast in its commitment to safeguarding the integrity of your Bank and the financial system at large.

Major Highlights/Achievements: -

FATF Mutual Evaluation (ME)- Your Bank was chosen by the Regulator among the five-member team to represent the country's ME to demonstrate that the country has an effective framework to protect the financial system from abuse. The focus of the on-site assessment is the evidence that the measures adopted are working and delivering the right results.

Continuous training and development- Investing in human capital remained a top priority. Your Bank inducted 42 new resources through the Federal Integrated program in collaboration with the Manipal Global Education Services Private Limited.

The teams are provided regular training sessions to ensure that they remained abreast of the latest AML regulations, trends, and techniques. This commitment to ongoing education empowered the team to adapt to evolving threats effectively.

Enhanced Detection capabilities- Sanction screening tools for trade transactions was deployed to fortify the capability to detect transactions with sanctioned entities/Individuals with greater accuracy and efficiency.

Streamlined Processes- Optimisation of operational workflows, reducing false positives and improving the overall effectiveness of monitoring efforts through external audit has enhanced the ability to identify potential risks by your Bank.

Cross-Departmental Collaboration- Recognising the interconnected nature of financial crime, stronger partnerships with other departments and external stakeholders to share best practices and intelligence helped in ultimately bolstering your Bank's collective defence against illicit activities.

Industry Structure and Key developments - The AML landscape witnessed several noteworthy developments over the past year.

Regulatory Evolution- Regulatory bodies and Ministry continued to refine and strengthen AML framework in response to emerging risks and vulnerabilities. Heightened regulatory scrutiny in relation to cyber enabled fraud, money mule accounts placed greater emphasis to enhance the AML compliance programs, driving industry wide efforts to fortify detection and reporting mechanisms.

Technology Advancements- The proliferation of fintech innovations and digital transformation initiatives reshaped the AML landscape. Leveraging technologies such as artificial intelligence, and robotic process automation are in progress to bolster the AML capabilities while simultaneously adapting to the evolving tactics employed by money launderers and financial criminals.

Global Co-operation- The importance of international collaboration in combatting financial crime became increasingly apparent. Initiatives such as the Financial Action Task Force (FATF) and information-sharing agreements between jurisdictions played a pivotal role in facilitating cross-border cooperation and intelligence exchange, thereby enhancing the effectiveness of AML efforts on a global scale.

- Member of the FATF working group on Recommendation 16 (Payment Transparency).
- FPAC (FIU-INDIA Initiative for Partnership in AML/CFT) is a public-private partnership platform in the AML/CFT domain which has representation from 40 reporting entities from a broad spectrum of financial institutions and the regulator – RBI with a charter that also provides for issue-based, ad-hoc engagement with other stakeholders in the ecosystem, such as law enforcement agencies, other sectoral regulators, think tanks, academic institutions, consultancy firms and software developers. Part of the FPAC working group of 6 reporting entities (subsequently expanded to 10)
- ARIFAC (Alliance of Reporting Entities in India for AML/CFT) is a first-of-its-kind, private-private partnership initiative amongst reporting entities in India, belonging to multiple sectors, envisaged to facilitate information sharing, development of knowledge products, training programs and certifications.

Way Forward

The AML Monitoring Department remains committed to staying at the forefront of the fight against financial crime. The strategic priorities for the upcoming year include:

- Continued Innovation-** Embracing emerging technologies and data analytics to further strengthen your Bank's AML detection capabilities to stay ahead of the evolving threats. Adapting AI and ML tools for effective reduction of false positives.
- Enhanced Collaboration-** Deepening partnerships with regulatory agencies, law enforcement bodies, and industry peers to foster a more coordinated and effective response to financial crime.
- Proactive Risk Management-** Anticipating and mitigating emerging risks through robust risk assessment frameworks and proactive monitoring of industry trends and developments.
- Investment in Talent-** Nurturing a culture of excellence and continuous learning to empower the team to adapt and thrive in an ever-changing landscape.

Opportunities for the future

By leveraging technology, strengthening partnerships, and embracing a proactive approach to risk management, the AML Monitoring Department is well-positioned to not only mitigate existing threats but also to seize opportunities for sustainable success in the years to come.

LEGAL COMPLIANCE

In recent times, the legal environment in the country has become very dynamic, with new laws and amendments to the existing laws being enacted at a very brisk pace. In order to cope with this change and to ensure legal compliance, it is imperative that a robust legal risk management process be laid down that helps your Bank to mitigate the legal risk which falls under the larger umbrella of operational risk.

Your Bank has a healthy compliance and legal risk management culture. The processes are designed to ensure legal and regulatory compliance and to enable the detection and prevention of any breaches. The Legal Department of your Bank frames processes and controls that can efficiently manage and mitigate the legal risks originating from the daily business transactions of your Bank. Further, your Bank has a well-laid system, which ensures that the documentation process is contemporary and in tune with industry standards, thus minimising the menace of legal risk, and in the meantime enhancing customer experience. New products, processes and schemes introduced by your Bank invariably undergo legal vetting by the Legal Department to ensure legal compliance and proper analysis of the legal risks involved. Moreover, Legal Department is rendering professional and expert advice on various legal issues associated with your Bank.

With the strong objective of making your Bank a Zero Customer Complaint Bank, strenuous efforts are being made to reduce the number of suits/ complaints filed against your Bank before different courts/consumer forums. Legal Department keeps all teams well informed on legal challenges/ issues and steps to be taken to avert compliance failures. The Legal Department also updates the teams/offices/ branches of the relevant amendments/ modifications made to statutes from time to time.

Through various concerted efforts, the Department aspires to be the best in house legal team in the industry.

REGULATORY COMPLIANCE

Compliance, with all applicable laws and regulations, is crucial to the success of your Bank. Striving for the esteemed status of the Most Admired Bank, the team maintains a delicate equilibrium between growth and stringent controls. Your Bank's compliance philosophy states that the Bank has no appetite or tolerance for any compliance risk arising from non-compliance with regulations.

To uphold the commitment to compliance across all operations, your Bank has adopted a risk-based approach and implemented appropriate policies and processes. To manage compliance risk, the Bank has built a comprehensive Enterprise Compliance Risk Management Framework (ECRMF), containing processes covering regulation implementation, identification of risks, and remedying risks on time. Your Bank has a range of monitoring and testing programs, such as branch and department self-testing by frontline staff, review by Compliance Monitoring Officers and Compliance Quality Assurance Cell (C-QAC), to identify any known or hidden risks. Notably, recent enhancements incorporating Data Analytics and Reg Tech have bolstered our capabilities. Every employee of your Bank

is committed to maintain the highest level of compliance standards, both in professional and personal life.

Key objectives of the Compliance Department are (a) Benchmark Regulatory Compliance, (b) Integrate Compliance Risk Management in Business, (c) Never Err on Critical Compliance, (d) Always be Fair and Transparent and (e) Be Fit to Partner the Digital & Fintech Journey. To achieve these objectives, your Bank has set a protocol where every Business Unit and Department will have Compliance Monitoring Officers who handle the first level of compliance, closely associating with respective heads. Zonal level Compliance Monitoring Officers, who directly report to central Compliance, provide additional support. To assess and assist the branches in enhancing the Compliance culture, Compliance Monitoring Officers and senior officials of the central Compliance team visit the branches and conduct awareness sessions. Annual Certification of Compliance Monitoring Officers at all levels ensures that they are aligned with the Compliance policy and processes, enabling them to embed regulatory requirements in day-to-day business processes.

To fortify compliance architecture, your Bank has undertaken several strategic initiatives. This includes periodic revision of the Compliance Policy and the Policy on Combating Financial Crime, aligning them with regulatory requirements and global best practices. Extending the compliance program to the subsidiaries and group companies ensures a unified approach. Your Bank systematically identifies its compliance obligations resulting from its activities, products and services and managing them through a structured process known as "Structured Response to Obligations". This process involves two key steps. (a) Identification of New and Changed Compliance Obligations: Your Bank continuously monitors regulatory changes and assesses their impact on its operations. Any new or modified compliance obligations are promptly identified to ensure awareness and understanding across the organisation. (b) Evaluation and Implementation: Once identified, these changes are thoroughly evaluated to determine their implications for your Bank's compliance obligations. Necessary changes are made to the compliance obligations, internal policies, systems, and processes ensuring that regulatory requirements and controls are effectively integrated into day-to-day business processes.

Your Bank has created a robust annual Compliance Risk Assessment Program and Quality Assurance Program to assess the compliance risk and ensure sustenance of compliance standards.

Your Bank has embraced technological innovations to redefine compliance controls and standards. Your Bank's Continuous Compliance Monitoring (CCM) is an industry-first technological solution leveraging data analytics and artificial intelligence to comprehensively monitor scenario-based alerts on any transactional deviations within 24 to 48 hours. The state-of-the-art Anti-Money Laundering solution provides exhaustive list management and screening capabilities of individual transactions and customers, in line with the Financial Action Task Force (FATF) recommendations and international standards. Your Bank has also developed a comprehensive

obligation register covering over eighty statutes and thirty regulatory authorities/ industry bodies, supplemented by a manual of instructions to each department for process mapping, gap identification and periodic confirmation of compliance through self-testing, monitoring, concurrent and internal audits. Periodic compliance confirmation to the Board and the Regulator by your Bank are based on actual testing and affirmations carried out on all transactions from time to time. Additionally, the Compliance Department ensures that all major policies are reviewed to align with regulatory requirements before approval by the Board.

With these concerted efforts, your Bank proudly presents its Compliance Model as a benchmark for the industry, steadfast in our commitment to regulatory adherence and ethical business practices.

Taxation Policy

The Tax Policy of the Bank is approved by the Board of Directors and the same is disclosed in Website of the bank. Implementation of the Tax Policy is monitored by Board of Directors or Audit Committee. In some cases, this responsibility may be delegated to an executive-level position, such as the Managing Director (MD). Managing Director may further delegate the responsibility to Chief Financial Officer (CFO) or the Head of Taxation Department based on merit. The review of the tax policy should be conducted at least annually. If there are significant changes in the Bank's operations or tax laws, the same may also be reviewed.

Following are the Bank approach to regulatory compliance. a) Understanding the regulatory environment, b) Developing tax-related policies and procedures. c) Training and awareness d) Monitoring and auditing e) Collaboration with tax regulators.

Bank's approach to tax should be embedded within its overall business strategy and operations. This include Tax Transparency, Tax Risk Management, Tax Compliance.

This includes risk identification, Risk Management, Risk monitoring. To ensure effective tax governance and control, our Bank has established a comprehensive tax policy that covers tax risk management and compliance with tax laws and regulations. This policy includes tax planning, internal controls, and procedures for managing tax risks, as well as our approach to resolving tax disputes and handling audits.

The Bank is committed to comply with all applicable tax laws and regulations and expects employees to act with integrity in accordance with these laws. The Bank has established a whistle-blower reporting system that allows employees to report concerns related to tax compliance anonymously without fear of retaliation. Details of the whistle-blower policy can be accessed from the website of the Bank.

Our Bank is committed to address any generic concerns relating to tax in a transparent manner. We shall ensure that such concerns are appropriately handled and if necessary, will take them up with bodies such as Indian Bank Association to seek guidance and support.

To ensure the effective implementation of our tax policy, stakeholders are encouraged to direct any inquiries related to

its implementation to their respective tax team line managers. If queries are not resolved within a reasonable timeframe, stakeholders may escalate the matter to the Head of Taxation Department or the Chief Financial Officer of the Bank for further assistance.

Compliance with the tax governance and control framework shall be evaluated through a combination of internal and external assessments by Taxation department/ Internal Audit. External assessment may include (1) Tax audits performed by Statutory auditors under the provisions of Income Tax Act. (2) Assessment by Tax authorities as per the provisions of various applicable Acts.

Although we are not currently subject to country-to-country reporting requirements, we maintain transparent communication with tax authorities and provide them with the information they request in a timely and accurate manner. Bank's operations and tax strategies shall be transparent and align with the economic activities and value creation within the jurisdictions it operates in.

MARKETING STRATEGY

In the fiscal year 2023-2024, your Bank strategically leveraged the 3S Framework - Segment-Centric, Scalability, and Sustainability - to sculpt a marketing strategy that not only addressed diverse customer needs but also positioned the Bank for substantial growth amidst evolving market conditions. Federal Bank's overarching vision was a simple yet powerful one: maximise the impact of every marketing effort. With a keen eye for market dynamics, the Bank navigated complexities, leveraging innovative approaches to captivate audiences and carve a distinct niche in the competitive arena. For more on our marketing strategy, please read page 28.

SERVICE QUALITY

An increase in the adoption of digital banking by consumers and enhanced reliance on technology-based solutions to overcome day-to-day challenges have made it imperative for any business to leverage innovation and technology for improving the existing products and procedures and delivering a quality experience to customers. Your Bank thus, initiated a Quality movement in 2012 with the following objectives:

- Ensure standardisation in the look and feel of branches.
- Raise, pan India branch performance regarding customer experience.
- Ensure uniformity and predictability across the Bank's touch points.
- Create, systems, processes, and procedures, inherently capable of continuous improvement.
- Ensure standardisation in customer communication.

In pursuit of this, your Bank has employed a dedicated team to facilitate the identification and implementation of process improvements which are critical from a customer point of view. This team was able to roll out over 70+ projects in the FY 2023-24.

Customer Grievance

Your Bank has an efficient customer service team who are trained to assist the customer with inquires and concerns related to the banking services. Addressing the customer queries on time demonstrates our commitment to service excellence, contributing to your Bank's success and profitability.

No.	Particular	Year ended March 31, 2024	Year ended March 31, 2023
1	Number of complaints pending at the beginning of the year	5864	5390
2	Number of complaints received during the year	260580	170278
3	Number of complaints disposed of during the year	259787	169804
	Of which, the number of complaints rejected by the Bank	166232	73002
4	Number of complaints pending at the end of the year	6657*	5864
Maintainable complaints received by the Bank from Banking Ombudsman (BO)			
5	Number of maintainable complaints received by the Bank from BOs	1572	1049
	Of which, a number of complaints were resolved in favour of the Bank by BOs	801	467
	Of which, the number of complaints resolved through conciliation/ mediation/ advisories issued by Bos	771	571
	Of which, a number of complaints were resolved after the Passing of Awards by BOs against the Bank	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

*All the complaints received for the period 2023-24 has been properly resolved and outstanding complaints are received in the last month of March 2024. 99.5% of outstanding are digital disputes which has specific TAT for resolution

Customer Delight

Your Bank is always keen on relationship building, customer convenience and delight. To enhance customer experience and brand trust your Bank initiated the opening of new branches, enhanced the capacity in the Call Centres, upgraded the services available in the web-based portal and rolled out many other initiatives designed to make the life of customers easier. Further, your Bank also observes Customer Day on the 15th of every month in the branches. Branches are also sanitised and furnished with fine interiors, at par with industry standards. Your Bank conducts customer surveys to measure customer experience. By listening to customer feedback through surveys, the offerings can be better tailored to meet customer expectations, enhance loyalty, and maintain a competitive edge in the market. Your Bank has also established a robust social media customer service strategy, including dedicated teams to monitor and attend customer queries in a timely manner. Additionally, your Bank leveraged AI to identify recurring issues and implement proactive solutions, ultimately enhancing customer trust and loyalty with these measures, your Bank is focussing on ensuring excellence in operations and service delivery with the least gaps, based on customer feedback and strives to maintain a high level of customer satisfaction, along with a reduced count of customer complaints through an efficient redressal mechanism.

STRATEGIC PLANNING

Corporate Planning Department plays a pivotal role in shaping the long-term vision of your Bank, steering the organisation along its chosen path while ensuring that we stay true to our ethos of CARES (Commitment to Excellence, Agility, Relationship Orientation, Ethics, Sustainability). It oversees a spectrum of critical functions including Strategic Planning, Budgeting, Business Performance Monitoring, Analytics, Cost Management and the Management Information Systems. The financial, economic and regulatory environment is closely

tracked and regular benchmarking exercises are undertaken to ensure that your Bank remains on its toes in its pursuit of excellence. The long term vision of your Bank is crystallised by distilling learnings from the various exercises and incorporating the views of various stakeholders. Progress against set goals are also tracked regularly to ensure that the vision is translated into reality.

Zeroing in on a strategy of 'More Federal per Federal', your Bank embarked on a journey to increase efficiency, extract synergies and multiply reach thereby moving into a new orbit of operations. The end goal is to break into the bastion of Top Private Sector Banks in the country while capitalising on strong economic tailwinds. Moving from presence to prominence to dominance in select geographies, your Bank opened 141 banking outlets in FY24, crossing the milestone of 1500 banking outlets across India. As on March 31, 2024, your Bank has 1504 banking outlets (including extension counters) and 2015 ATMs/ Cash Recyclers (including 2 mobile ATMs). Building on a year of historic milestones such as first ever four digit quarterly Net Profit figure, raising capital from long term investors, listing of NBFC subsidiary etc, your Bank is poised to move into a new orbit of performance and profitability in the years to come.

Your Bank has built a strong Analytics team over the past 7 years that is fully engaged in leveraging the huge repository of both internal and external data that are best utilised in uncovering the strategic deliverables it holds. With a strong foundation, advanced capabilities and sophisticated tools, the data science team is evolving along the way into a Centre of Excellence for efficient delivery of the state-of-art analytical frameworks. Concentrating on addressing the core business problems while optimising the cost and efficiency enhancements the team focusses on customer identification, segmentation and targeting for propelling the business growth whilst managing the risk. Powered by Machine Learning (ML),

Artificial Intelligence (AI) and Deep Learning (DL) capabilities coupled with the capabilities of cloud architecture, the team utilises the booming data explosion and aligned towards enhancing customer experience, value, and delight by ensuring high quality customer acquisition, servicing, personalisation, next best actions and retention, thereby fostering the deeper healthy customer relationships at each step, while monitoring and timely identification of the deviations based on behavioral patterns for triggering corrective actions.

The MIS (Management Information Systems) team, operating within the Corporate Planning Department, plays a pivotal role in coordinating comprehensive report generation and reports automation. Their primary objectives include ensuring data quality, accuracy, and timeliness of information for management decision-making. The agile reporting of MIS enables branches and offices to align and organise themselves to the set goals. The automated reports/ insights to individual business units, by making use of cutting-edge business intelligence tools, enable the users to slice and dice data, helping them to derive meaningful insights and empowering them to take informed business decisions. The Regulatory Reports Cell, which functions under MIS, is a specialised team that deals with the generation and automation of regulatory reports of your Bank and ensures integrated and prompt generation of reports to stakeholders for onward submission to the regulators. Your Bank also has a Quality Assurance Cell for MIS, that ensures the accuracy and consistency of data captured in the Bank's systems and validates the critical reports generated by the MIS team.

CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility activities of your Bank touches a wide footprint through areas like Skilling, Education, Women Empowerment, Environment Sustainability and other activities.

Your Bank has been meaningfully contributing for the improvement of society to create a positive impact on the world through its sustainable practices, philanthropic endeavours and community engagement.

The CSR projects are executed under the Federal Bank Hormis Memorial Foundation, which acts as a special purpose vehicle for the implementation of CSR activities of your Bank. Major CSR projects undertaken during FY 2023-24 by your Bank are as follows:

For more on our CSR activities read page 88)

FEDERAL OPERATIONS & SERVICES LIMITED (FEDSERV)

FedServ is a wholly owned subsidiary company of Federal Bank, established in 2018, that is fully dedicated to providing operational and technology-oriented services to your Bank. Since its inception, FedServ has played a crucial role in reengineering various operational activities and implementing process improvements, contributing to your Bank's overall efficiency and effectiveness.

During the year ended March 31, 2024, FedServ has provided support on 135+ operational activities, demonstrating its wide-ranging capabilities and expertise. Account Services, Contact Centre, Support activities of Trade Finance, LCRD Back office, Document scanning, Sales and Collections are the major processes handled by FedServ. Furthermore, FedServ has received approval from the Reserve Bank of India (RBI) to add processes including Retail Sales and Collections and has commenced the activities in FY 24.

FedServ's primary objective is to enhance the customer experience by focusing on standardisation, process efficiency, error reduction, and continuous improvement. This ensures that customers receive consistent and high-quality services while minimising risks associated with operational activities. FedServ also places a strong emphasis on mitigating perceived risks through robust risk management practices, ensuring compliance with regulatory guidelines and best practices.

FedServ's unwavering commitment to excellence, innovation, and customer-centricity has been instrumental in driving positive outcomes for your Bank. By leveraging its operational and technological expertise, FedServ continues to contribute to the Bank's overall operational efficiency, effectiveness, and customer satisfaction.

FEDBANK FINANCIAL SERVICES LIMITED

Established in 1995 and promoted by the Federal Bank, Fedbank Financial Services Limited or Fedfina ('the Company') is a publicly listed company, in India. Fedfina is registered with the Reserve Bank of India as a Systemically Important Non-Deposit taking Non-Banking Financial company (NBFC-ND-SI). As on March 31, 2024, Federal Bank holds 61.6% stake.



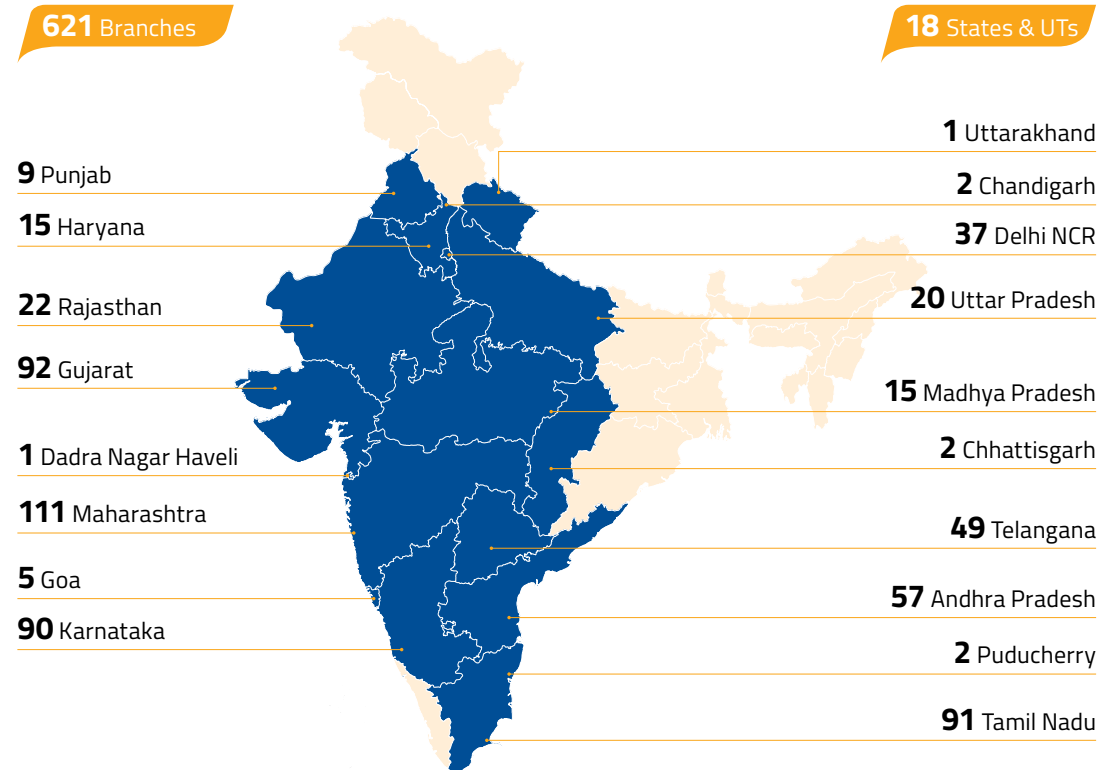
The company operates with a vision to "Empower Emerging India with Easy Access to Loans". The Company focusses on the working capital requirements of the emerging self-employed segment of the MSMEs, through its product suite. The company offers Mortgage loans, Gold loans and Business loans to its customer base.

The company has its registered headquarters situated in Mumbai. The company has 621 branches, spread across 18 states and union territories with an employee base of 4,298.

capital loans with collateral. The company also offers tailored solutions for gold loan customers by understanding their needs.

Our Focus

The company focusses on secured granular retail lending segment, particularly among self-employed individuals, underserved by traditional lenders, creating a substantial opportunity for growth. The company prioritises working



Business Performance

Fedina with its array of products across the mortgage, gold and business loans has seen industry leading growth.

Product	Disbursements (₹ Cr)	
	March 31, 2024	March 31, 2023
Mortgage	2,834	2,193
Gold Loan	9,377	7,437
Business Loan	1,368	1,119
Others	-	-
Total	13,579	10,749

Product	AUM (₹ Cr)	
	March 31, 2024	March 31, 2023
Mortgage	6,218	4,506
Gold Loan	3,969	2,986
Business Loan	1,826	1,454
Others	19	54
Total^	12,192	9,070

^Total includes INDAS accounting adjustments

For FY 24, Fedina sourced loans to the tune of ₹ 13,579 Crore (PY ₹ 10,749 Crore), registering a growth of 26% during the year.

The total AUM growth for the year came in at 34% to ₹ 12,192 Crore (PY ₹ 9,070 Crore). The company continued to increase its concentration towards the mortgage segment, thus aiding the overall AUM growth.

The company, in order to ensure efficient utilisation of capital, has been advancing on the off-book path, employing a combination of co-lending and direct assignment strategies. As of March 31, 2024, 19% of the overall AUM was off book. The company is targeting to allocate 20% of its portfolio as off-book going ahead.

Financial Performance

The Net Interest Income improved 27% to ₹ 812 Crore (PY ₹ 638 Crore), on the back of interest income growth of 35.6% during the year.

The Net total income for FY23 grew by 27% to ₹ 943 Crore (PY ₹ 743 Crore), on the back of healthy NII growth.

The Operating profit before exceptional items grew 28% YoY to ₹ 394 Crore (PY ₹ 307 Crore).

The Net profit grew 36% to ₹ 245 Crore (PY ₹ 180 Crore).

In line with the improving environment of higher credit growth and lower credit cost, the company registered an improvement in its asset quality.

The Gross NPA declined 37 bps YoY to 1.66% (PY 2.03%).

The Net NPA declined 26 bps YoY to 1.33% (PY 1.59%).

Profitability (₹ Cr)	March 31, 2024	March 31, 2023
Net Interest Income	812	638
Net Total Income	943	743
Operating Profit before exceptional items	394	307
Profit before tax	328	243
Profit after tax	245	180

Financial Parameters (₹ Cr)	March 31, 2024	March 31, 2023
Net Worth	2,260	1,356
Total Assets	11,138	9,071
Gross NPA %	1.66%	2.03%
Net NPA %	1.33%	1.59%

Higher Credit Rating

The company has seen an improvement in its credit ratings in the last year, as its credit rating got upgraded to AA+/Stable by CARE and India Ratings, while CRISIL freshly assigned it AA/Positive rating, highlighting the increased confidence of its stakeholders.

Sr. No.	Particulars	Name of the Instrument	For the year ended Mar 31, 2024
1	Long Term/Short Term	Bank Facilities	India Rating and Research Pvt. Ltd. (IND AA+ /Stable); CARE Ratings (CARE AA+; Stable / CARE A1+)
2	Short Term	Commercial Paper	CRISIL Ratings Limited (CRISIL A1+)
3	Long Term	Non-Convertible Debentures	CARE Ratings (CARE AA+/Stable)
4	Long Term	Non-Convertible Debentures	India Rating and Research Pvt. Ltd. (IND AA+/Stable)
5	Long Term	Non-Convertible Debentures	CRISIL Ratings Limited (CRISIL AA/ Positive)
6	Long Term	Non-Convertible Debentures - Subordinated Debt	CARE Ratings (CARE AA+/Stable)
7	Long Term	Non-Convertible Debentures - Subordinated Debt	India Rating and Research Pvt. Ltd. (IND AA+/Stable)
8	Short Term	Commercial Paper	ICRA Limited (ICRA A1+)

People Focus

The company has received a 'Great Place to Work' rating for fifth consecutive year. With more than 4,200 employees across India, the Company is guided by four core values encapsulated in the acronym EPIC. The company aspires to epitomise these values: Execution Excellence, People Centricity, Integrity, and Customer Centricity. These principles are the foundation of its organisational culture and guide its actions. It also realises its responsibilities and recognises the importance of CSR activities in creating a social impact on its customers and society at large.



Superior Technology Framework

The company leverages its information technology platforms to achieve economies of scale by enhancing productivity, reducing turn-around time and thus minimising transaction costs. The company prioritises the "Customer First" approach in all its technology initiatives, focusing on ensuring a paperless process to reduce the carbon footprint. Fedfina's transition to a Digital Loan Origination System will enable seamless and convenient customer on-boarding. The process is focussed to making it paperless and focuses on automation and API integrations.

The company's portal and mobile app, with over 8.5 lakh downloads, plays a pivotal role in its digital strategy. Its digital platforms operate round the clock, offering convenience and reducing the need for human intervention. Its digital microsites and listings highlight its commitment to accessibility and customer-centricity.

The company continues to invest in technology and digitisation to support various functions, including loan origination, credit underwriting, risk management, collections, customer service, and retention. Enabling measures by RBI and the Government of India, such as implementing IndiaStack, Aadhaar-based e-KYC, and scaling up UPI, have helped transform digital infrastructure for the industry. The company utilises technology-driven solutions for customer KYC, data collection, and lead management, facilitating quick disbursement into customers' Bank accounts through Bank platform integration.

Fedfina's 'Phygital' doorstep model blends digital and physical approaches, offering tailored services and ensuring continuous customer engagement. The company prioritises data and system security and has invested in superior infra and support like next-generation firewall, 24x7 SOC (Security Operations Centre), and automated security tools.

AGEAS FEDERAL LIFE INSURANCE COMPANY LIMITED

Performance Summary

During FY 2023-24, AFLI continued to grow its distribution channels while being focused on its key objectives to provide best-in-class customer service, focus on digitalisation and a committed workforce, among many others. This has helped to keep overall premium growth over the previous year.

AFLI has witnessed strong growth in New Business Premium (NBP) by 32%. AFLI also maintained a good balance in the Individual New Business Premium contribution of Regular Premium - 65% and Single Premium - 35%.

FY 2023-24 saw a continued thrust on customers shopping for financial products to build a stronger future and in turn, live the life and lifestyle of their choice. AFLI continues to work on its stated objectives and build a healthier and better society by helping its customers in this process.

In today's hyper-connected world, the importance of digitalisation cannot be overemphasised. Ageas Federal progressed firmly on its pre-defined path to embrace the importance of putting people at the centre of everything it does. Employees were fully equipped with all the digital interventions needed to discharge their roles. To make insurance easy and straightforward for its customers, AFLI has reimagined the customer experience with its digital innovations. By investing in newer technology and focusing on digital channels and online applications, it has attempted to make the process simple and straightforward for its customers at each stage of its journey.

AFLI has been agile and swiftly moved in line with macroeconomic changes like interest rates and the performance of various financial markets and modified its product suite to ensure a balanced product mix for the company and at the same time, offer better terms to its customers.

AFLI stayed well connected with its distribution partners and improved its market position in New Business Premium sales.

The life insurance market continues to be fiercely competitive. AFLI continues to hold the fort and is working on surging ahead at the opportune time. With a growth of 28% in New Business APE, AFLI has had another successful year.

Against this backdrop of business performance, the Operating Cost Ratio (Operating Cost to Gross Written Premium) for the current year is at 18%. The Company registered a profit before tax of ₹ 116 Crore.

Awards and Accolades

The organisation's commitment to creating an exceptional employee experience has earned it several accolades during the year. Ageas Federal was recognised as a Great Place to Work® for the fifth consecutive year and featured among 'India's Best Workplaces in BFSI 2023 - Top 50' by Great Place to Work® Institute (India) for the fourth time. AFLI was also recognised as one of 'India's Top 15 Best Employers' by Kincentric and by Arogya World Healthy Workplace 2023

The organisation's long-term commitment to its CSR program received due recognition with the award for 'Excellence in Corporate Social Responsibility' at the ASSOCHAM Leadership Conclave Awards 2023 and the award for 'Best Insurance Company in Sustainable Corporate Social Responsibility' at the BFSI Leadership Awards 2023

Transformation Journey

Ageas Federal Life Insurance embarked on its Transformation Journey "Reimagine Tomorrow". Over the last couple of years, it has made significant progress on the identified 8 pillars of its Transformation Journey. Through these 8 pillars, AFLI aims to achieve its strategic objectives of Strengthening Bancassurance, building a multi-channel business model; rebuilding its Proprietary channels, shaping its products to fulfil customer needs; focusing on digitalisation and data analysis to drive growth; re-imagining the customer journey; and nurturing a culture of sustainability.

In line with these objectives, AFLI further strengthened its relationship with Federal Bank, its Promoter and Largest Bancassurance partner. To deliver a seamless experience to customers AFLI and Federal Bank have integrated the customer journeys across Digital platforms, Loan Platforms and Relationship Manager assisted journeys.

As a step forward in providing customised solutions, AFLI and Federal Bank jointly developed analytic models to identify products which would be best suited to meet the needs of Bank's customers.

AFLI implemented an Automated underwriting system in partnership with India's leading Reinsurer. This has led to high straight through processing and 25% reduction in turnaround times. This has improved customer satisfaction, increased operational efficiency and built scalability to process higher business volumes.

AFLI also focused on growing its proprietary channels - agency, group, online, and DST in a smart, calibrated manner. All of these Channels have shown high growth in FY 24

Upgrading our core IT systems to enhance reliability and scalability was a significant milestone in this journey, with the second phase slated for completion in the second quarter of FY25. Additionally, we initiated the roadmap to modernise our data architecture, laying the foundation for future growth and innovation.

As we embarked on this transformation journey, sustainability remains at the forefront of our priorities. Committed to the UN Sustainable Development Goals (SDGs), we are integrating sustainability into all aspects of our strategy and core business decisions. We have developed an actionable plan with measurable targets to ensure that sustainability is not just a goal but a fundamental principle guiding our operations.

Ageas Federal Life Insurance is excited to usher in a new era of transformation, dedicated to building a future steeped in sustainability and excellence. We are confident that our strategic initiatives and commitment to sustainability will drive continued success and value creation for all stakeholders.

Products

In today's dynamic business landscape, understanding the changing needs of our customers and evolving our product suite accordingly is crucial for sustainable progress. During the year, strong emphasis was placed on product innovation and development to build a comprehensive portfolio that caters to the diverse requirements of every customer.

Some of the key product highlights, including new product launches and revamping of our existing plans. We offer a comprehensive suite of 31 products designed to serve the protection, health and saving needs of customers. During the year, AFLI launched 7 new products and 8 minor modifications, focussed on customer centricity, simplicity to understand and competitive benefits to the policyholders. Focus during the year was on meeting the diverse needs of stakeholders which resulted in the successful launch of Savings, ULIP and Group Term Plans. Non-Par Savings plan included the launch of MAGIC Savings Plan, a comprehensive solution that provides guaranteed benefits and life cover. With multiple plan options, customers can opt for regular or periodic income or receive a lump-sum amount, providing flexibility to meet their individual needs. Under Par Category, the launch of Super Cash Plan has resulted in remarkable business growth within a short time frame, providing policyholders with immediate income benefits. Furthermore, we launched ULIP plans, catering specifically to NRI & HNI customers and offering innovative features and competitive charge structures. To strengthen and expand our Group business segment, we launched a new Group Term Life Plan II which offers flexibility in premium payment options and also revamped our credit-linked plans. Last but not the least, we also introduced a new Multicap Fund under our ULIP portfolio. The fund offers diversification, adaptability to market conditions, and flexibility for policyholders' risk profiles.

EQUIRUS CAPITAL PRIVATE LIMITED (ECPL /THE COMPANY)

Based on Consolidated Financials, the total gross revenue generated by the Company during the financial year ended March 31, 2024, was ₹ 236 Crore as compared to ₹ 158 Crore during the previous financial year. Profit before tax posted by the Company for the financial year ended March 31, 2024, was ₹ 60 Crore (25% of revenue) as against ₹ 31 Crore (19% of revenue) reported in the previous financial year ended March 31, 2023. Profit after tax was ₹ 44 Crore for the financial year ended March 31, 2024, as against ₹ 22 Crore in the previous financial year. Net worth is increased to ₹ 157 Crore from ₹ 118 Crore in the previous year. Also, during the FY 2023-24, Equirus has been honoured as a "Great Place to Work" for the second consecutive year.

ECPL Subsidiaries

As on March 31, 2024, below are the subsidiaries of ECPL along with their key businesses:

- Equirus Securities Private Limited (ESPL) - Institutional broking business in the cash and derivative segment and also registered as Research Analysts and Depository Participant.
- Equirus Wealth Private Limited (EWPL) – Distribution of wealth products, Portfolio Management Services, Stock Broking, Depository Participant, Research Analyst and Investment manager to SEBI registered category – I AIF. EWPL (IFSC Branch) is investment manager to IFSC registered category – III AIF.
- Equirus Insurance Broking Private Limited (EIBPL)- Insurance Broking (Direct- Life & General).
- Equirus Finance Private Limited (EFPL)– Incorporated to carry out NBFC activity subject to receipt of approval of RBI license.

The company has observed strong growth during the year in all businesses, including the businesses of subsidiaries. Some of the highlights of the performance are as under:

Investment Banking

- As a BRLM, the Company had closed the Initial Public Offers ("IPOs") of (1) Netweb Technologies India Limited (2) TVS Supply Chain Solutions Limited (3) Zaggie Prepaid Ocean Services Limited (4) Protean eGov Technologies Limited (5) Fedbank Financial Services Limited (6) Happy Forgings Limited (7) Jyoti CNC Limited (8) Capital Small Finance Bank Limited.

- During FY 2023-24, the Company had filed DRHP's for 4 Companies for the purpose of IPO. i.e., for (1) Crizac Limited (2) Ecos (India) Mobility & Hospitality Limited (3) Dee Development Engineers Limited (4) Kross Limited.
- As a BRLM, the Company had closed a total of 3 public issues of NCDs of (1) IIFL Finance Limited (2) two issues of the Edelweiss Financial Services Limited.
- Successful closure of Secured structured debt facility for msn laboratories private limited.

Institutional Equities

- Institutional equities business achieved a 2.7% Market share. Our rank improved to top 10 to 15 in most of the funds. We target to move to Top 10 in most of the funds by end of FY25. Our Institutional Equity team is one of the most stable teams among Institutional Equity focused local and MNC firms. There was not a single exit from Analyst/Sales/Cash dealing in last Financial Year. We wish to continue the same way in FY25.

Wealth & Asset Management

- Equirus Long Horizon Fund has been awarded Rank 1 in Best PMS on 5-year Performance across all categories and in Best PMS on 3 years performance in Mid & Small Cap Category by PMS AIF WORLD.
- Our Assets under Management under PMS crossed ₹ 1,000 Crore.
- EWPL has launched its Category I Venture Capital Fund - Equirus InnovateX Fund with a Fund Size of 150 Crore. with a green shoe option of upto additional ₹ 100 Crore. and has completed its first close.
- Launched In-house wealth-tech platform for internal teams and the planned go live date is Q1FY25 including integration with FedNet & FedMobile applications (Android & iOS)
- The in-house platform will seamlessly handle all 3 customer segments – Digital (up to ₹ 10L AUM), Hybrid (up to ₹ 50L AUM) & Hi-touch (above ₹ 50L AUM)

Insurance Broking

- Insurance broking business empanelled with 44 insurers and has 141+ corporate clients.

CORPORATE GOVERNANCE REPORT

A report on compliance with the Corporate Governance in accordance with the provisions of Regulation 34(3) read with Schedule V and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), as amended from time to time ("the SEBI Listing Regulations") for the Financial Year 2023-24 is given herein below:

BANK'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance has been an integral part of the way we have been doing our business since inception. We believe that good Corporate Governance emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics. The Bank fosters a culture in which high standards of ethical behavior, individual accountability and transparent disclosure are ingrained in all its business dealings and shared by its Board of Directors, Management and Employees. The Bank has established systems and procedures to ensure that its Board of Directors are well-informed and well-equipped to fulfil its overall responsibilities and to provide the management with the strategic direction needed to create long-term shareholder value. The Bank places utmost importance in creating value for all its stakeholders and it actively promotes sustainable business practices. The Bank promotes a safe, healthy, and happy workplace and always strives to be the employer of choice. The Bank's initiatives towards improving its Environmental, Social and Governance (ESG) performance and its contribution towards Sustainable Development Goals are placed in the Annual Report.

The Bank has complied with requirements of Corporate Governance set forth in Regulation 17 to 27, as well as Schedule and clauses (b) to (i) of sub regulation (2) of Regulation 46 of the Listing Regulations, as applicable.

BOARD OF DIRECTORS

A. Composition of the Board

The Board has an optimum combination of Executive and Non-Executive Directors with Independent Directors constituting more than one-third of its total strength. As on March 31, 2024, Bank's Board comprises of 11 Directors out of which eight Directors are Non-Executive Directors and three are Executive Directors, including one-woman Executive Director. The Bank has a Non-Executive Independent Chairman and seven other Independent Directors, including one-woman Independent Director. The Board represents a diverse combination of

professionalism, knowledge, expertise, and experience as relevant for the banking business.

The Board, while discharging its responsibilities and providing effective leadership to the business, uphold the corporate value, promote the ethical culture, endorse sustainability and leverages innovation. Independent Directors play a pivotal role in upholding Corporate Governance norms and ensuring fairness in decision-making. Being experts in various fields, they also bring independent judgement on matters of strategy, risk management, controls, and business performance.

The Board periodically evaluates the need for change in its composition and size. Detailed profile of Directors of the Bank is available on the website of the Bank at <https://www.federalbank.co.in/key-personnel>.

The composition of the Board is governed under the relevant provisions of the Companies Act, 2013 read with the relevant rules made thereunder, the SEBI Listing Regulations, the Banking Regulation Act, 1949, the guidelines issued by the Reserve Bank of India (RBI), as amended, from time to time and the Articles of Association of the Bank. None of our Directors serve as Director in more than seven listed companies and neither of the Executive Directors serve as Independent Directors in any listed company. Further, none of our Independent Directors serve as Non-Independent Director of any company on the Board of which any of our Non-Independent Director is an Independent Director.

Independent Directors are Non-Executive Directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may reasonably be anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management. Further, the Independent Directors have in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014, confirmed that they have enrolled themselves in the Independent Directors' Databank maintained with the Indian Institute of Corporate Affairs. The present

tenure of Independent Directors of the Bank is subject to Regulation 10 A of the Banking Regulation Act, 1949 and subject to the tenure fixed for appointment of all the Independent Directors of the Bank by the shareholders/ Board. As required under Regulation 46 of the SEBI Listing Regulations, as amended, the terms and conditions of appointment of IDs including their roles, responsibilities and duties are available on Bank's website at <https://www.federalbank.co.in/shareholder-information>.

During the Financial Year 2023-24, none of the Bank's directors served as Member in more than 10 Committees

The composition of the Board and Directorships held as on March 31, 2024, are given below.

Name of the Directors	Category	Number of Directors	% to total number of Directors
Mr. A P Hota			
Mr. Siddhartha Sengupta			
CA Manoj Fadnis			
Mr. Sudarshan Sen	Non - Executive Independent Directors	8	73
Ms. Varsha Purandare			
Mr. Sankarshan Basu			
Mr. Ramanand Mundkur			
Mr. Elias George			
Mr. Shyam Srinivasan			
Ms. Shalini Warriar	Executive Directors	3	27
Mr. Harsh Dugar			
Total		11	100

The shareholders in the 92nd Annual General Meeting held on August 18, 2023, approved the appointment of Mr. A P Hota (DIN- 02593219), Independent Director, as Part Time Chairman of the Bank with effect from June 29, 2023, till January 14, 2026, and approved the payment of remuneration to Mr. A P Hota of ₹ 25,00,000 (Rupees Twenty five lakh only) per annum. The shareholders in the 92nd Annual General Meeting held on August 18, 2023, approved the appointment of Mr. Harsh Dugar (DIN: 00832748) as Executive Director of the Bank for a period of three years with effect from June 23, 2023.

Mr. Elias George (DIN: 00204510) was appointed as Independent Director of the Bank for a period of five years with effect from September 05, 2023. The shareholders through Postal Ballot vide Special Resolution approved the appointment of Mr. Elias George on November 19, 2023.

During FY2023-24, Mr. Ashutosh Khajuria, retired from the Board of the Bank as Executive Director upon completion of his term of office from end of the day, April 30, 2023.

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 has been considered as per Regulation 26(1) (b) of SEBI Listing Regulations. None of the Directors or their relatives are related to each other. The Bank has not issued any convertible instruments; hence, disclosure in this respect is not applicable.

During FY2023-24, Mr. C Balagopal, retired from the Board of the Bank as Chairman & Independent Director upon completion of his term of office from end of the day, June 28, 2023.

B. No. of Board Meetings, Attendance, and other Directorships/ Committee memberships

During the review period, the Board met Twenty One (21) times with meetings held on May 05, 2023, May 16, 2023, May 27, 2023, June 27, 2023, July 11, 2023, July 13, 2023, July 19, 2023 [July 19, 2023 (Adjourned meeting of the Board dated July 19, 2023)], July 21, 2023, September 05, 2023, September 20, 2023, October 11, 2023, October 16, 2023, November 03, 2023 [November 04, 2023 (Adjourned meeting of the Board dated November 03, 2023)], November 24, 2023, December 12, 2023, January 05, 2024, January 16, 2024, March 01, 2024, March 16, 2024, March 27, 2024 and March 28, 2024. 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, 2024, are given below:

Name of the Director	Attendance Particulars			No. of Directorships and Committee positions in Other Public Companies ^(1 & 2)			Shareholding in the Bank (equity shares of ₹ 2/- each) (As on March 31, 2024)
	No. of Board Meetings		Attendance at the last AGM held on August 18, 2023	Other Directorships#	Committee Member ships	Committee Chairmanships	
	Held	Attended					
Mr. A P Hota	21	21	Yes	2	1	1	Nil
Mr. Siddhartha Sengupta	21	21	Yes	6	2	2	Nil
CA Manoj Fadnis	21	21	Yes	4	1	3	Nil
Mr. Sudarshan Sen	21	21	Yes	2	2	0	Nil
Ms. Varsha Purandare	21	20	No	7	3	4	Nil
Mr. Sankarshan Basu	21	21	Yes	Nil	Nil	Nil	Nil
Mr. Ramanand Mundkur	21	21	Yes	Nil	Nil	Nil	Nil
Mr. Elias George ¹	21	12	NA	Nil	Nil	Nil	Nil
Mr. Shyam Srinivasan	21	21	Yes	2	Nil	Nil	11,19,275 equity shares
Ms. Shalini Warriar	21	21	Yes	1	1	Nil	8,75,000 equity shares
Mr. Harsh Dugar ²	21	16	Yes	Nil	Nil	Nil	5,35,000 equity shares

¹Mr. Elias George was appointed as Independent Director of the Bank with effect from September 05, 2023.

²Mr. Harsh Dugar was appointed as Executive Director of the Bank with effect from June 23, 2023.

Note:

- Directorships in Indian Public Companies (listed and unlisted) excluding The Federal Bank Limited and Section 8 Companies.
- 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. Further, membership excludes positions as Chairperson of Committee.

#Details of other Board Directorships are separately mentioned in Annexure 1 to this report.

C. List of core skills/ experience/competencies identified by the Board.

The Members of the Board are committed to ensuring that the Board is in compliance with the highest standard of Corporate Governance. The Bank considers the principles relating to fit and proper norms as prescribed by the RBI

and confirms that each Director is also in compliance with the norms as prescribed by the Ministry of Corporate Affairs and the Securities and Exchange Board of India (SEBI) under applicable laws, whilst determining the composition of its Board.

Section 10A (2) of the Banking Regulation Act, 1949 read with RBI notification no. DBR. Appt. BC. No.38/29.39.001/2016-17 dated November 24, 2016, requires that not less than 51% of the total number of members of the Board of Directors of a banking company shall comprise of persons who shall have special knowledge or practical experience, in respect of one or more of the matters, namely: Accountancy, Agriculture and rural economy, Banking, Co-operation, Information Technology, Accountancy, Credit, Treasury Operations, Human resources, Governance, Compliance, Economics, Finance, Small – Scale Industry, Law, Payment & settlement systems, Risk management, Business Management. The Bank is in compliance with the above requirements as the Directors of the Bank have rich experience and specialized knowledge in the said areas of relevance to the Bank.

To operate effectively, the Board has identified key skills, expertise, and competencies that are relevant to the Bank's business and sector. The following skills, expertise, and competencies have been recognized by the Board as fundamental to the Bank's efficient operation:

Skill set/Area of expertise/ Knowledge	Mr. A P Hota	Mr. Siddhartha Sengupta	CA Manoj Fadnis	Mr. Sudarshan Sen	Ms. Varsha Purandare	Mr. Sankarshan Basu	Mr. Ramanand Mundkur	Mr. Elias George	Mr. Shyam Srinivasan	Ms. Shalini Warriar	Mr. Harsh Dugar
Knowledge											
Specialisation / Expertise in one or more fields	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
In the field of:											
Banking	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes	Yes	Yes
Economics	-	-	Yes	Yes	-	Yes	Yes	Yes	-	Yes	Yes
Governance	Yes	Yes	Yes	Yes	Yes	-	Yes	-	Yes	Yes	Yes
Compliance	Yes	Yes	Yes	Yes	Yes	-	Yes	-	Yes	Yes	Yes
Law	-	-	-	-	-	-	Yes	-	-	-	-
Agriculture	-	-	-	-	Yes	-	-	-	-	-	-
Rural Economy	-	-	-	-	-	-	-	-	-	-	-
Information Technology	Yes	-	-	-	Yes	-	-	Yes	Yes	Yes	-
Payment and Settlement Systems	Yes	-	-	-	-	-	-	-	Yes	Yes	-
Investment Banking	-	-	Yes	-	-	-	Yes	-	-	-	-
Finance	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Accountancy	-	-	Yes	Yes	-	-	-	-	-	Yes	Yes
Management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Risk Management	-	Yes	-	Yes	Yes	Yes	-	-	Yes	-	-
Credit	Yes	Yes	Yes	Yes	Yes	-	-	-	Yes	Yes	Yes
Treasury Operations	-	Yes	-	Yes	Yes	Yes	-	-	Yes	-	-
SSI	-	Yes	-	-	Yes	-	-	-	-	-	Yes
Retail Lending	-	-	-	-	Yes	-	-	-	Yes	Yes	Yes
Wealth Management	-	-	-	-	-	-	-	-	Yes	Yes	-
SME Banking	-	Yes	-	-	Yes	-	-	-	Yes	Yes	Yes
Investment	Yes	Yes	Yes	Yes	Yes	-	-	Yes	Yes	Yes	Yes
Human Resource	-	Yes	-	-	-	-	-	-	-	-	-
Co- Operation	-	-	-	-	-	Yes	-	-	-	-	-
Business Management	-	Yes	-	Yes	Yes	-	-	-	-	-	-

D. Board Procedure

The Board has complete access to all information within the Bank. All the meetings are conducted as per a well-designed and structured agenda and in line with the compliance requirement under the Companies Act, 2013, SEBI Listing Regulations and applicable Secretarial Standards prescribed by ICSI. All the agenda items are backed by necessary supporting information and documents (except for the critical price sensitive information, which is circulated separately in advance or placed at the meeting) to enable the Board/Committee to discharge their responsibilities effectively and take informed decisions. The agenda also includes minutes of the previous meetings of all the Board and unlisted subsidiaries for the information of the Board. The information mentioned in Part A of Schedule II of the SEBI Listing Regulations is placed before the Board at its meeting for its consideration, whenever applicable. The Board/ Committee agenda and notes are uploaded on the

Bank's e-meeting portal wherein the Directors can review the same in a secure environment and at their convenience. A video conferencing facility is provided to facilitate Directors to participate in the meetings. The members of the Board exercise due diligence in the performance of their functions as Directors of the Bank and follow highest degree of business ethics, transparent practices, and code of good governance amidst cordial environments. For any business exigencies, the resolutions are passed by circulation and later placed at the subsequent Board / Committee Meeting for noting.

The Board/Committee has an effective post meeting follow up procedure. Items arising out of previous Board/ Committee Meetings and their follow up action report are placed at the succeeding meeting for information of the Board/ Committees.

The Board has established procedures to periodically review compliance report pertaining to all laws applicable

to the Bank as well as steps taken by the Bank to rectify instances of non - compliance, if any.

The Board has satisfied itself that plans are in place for orderly succession for appointment to the Board of Directors and Senior Management.

The Minutes of the Board/Committee meetings are circulated to the Chairman and other Members of the Board/Committee for their comments/inputs in accordance with the Secretarial Standards on meetings of the Board of Directors (SS-1) issued by the Institute of Company Secretaries of India (ICSI).

E. Remuneration to Directors

During the year, Mr. Shyam Srinivasan, Managing Director & Chief Executive Officer, was paid ₹ 299.29 Lakh (gross), Ms. Shalini Warriar, Executive Director was paid ₹ 163.48 Lakh (gross) and Mr. Harsh Dugar, Executive Director, was paid ₹ 119.76 Lakh (gross) in accordance with the terms and conditions approved by Reserve Bank of India. Mr. Ashutosh Khajuria was paid ₹ 22.52 Lakh (gross) in the capacity of Executive Director till April 30, 2023.

During the Financial Year 2023-24, the Bank did not advance any loan to any of its directors.

The criteria of making payments to Independent Directors/ Non-executive Directors of the Bank are contained in the Comprehensive Compensation Policy for Non-Executive Directors and is available on the website at <https://www.federalbank.co.in/shareholder-information>.

The details of remuneration paid to Mr. Shyam Srinivasan, MD & CEO, Ms. Shalini Warriar, Mr. Harsh Dugar and Mr. Ashutosh Khajuria, Executive Directors during FY 2023-24 are as under:

Particulars	Mr. Shyam Srinivasan MD & CEO	Ms. Shalini Warriar ED	Mr. Harsh Dugar ED	Mr. Ashutosh Khajuria# ED
Basic Pay	225.00	30.00	23.17	2.17
Allowances & Perquisites	74.29	83.50	63.03	6.23
Stock Option*	-	35.85	33.56	-
Severance fees	-	-	-	-
Variable Pay (Cash)	Nil	14.13	-	14.13
Total	299.29	163.48	119.76	22.52

*Fair Value of Stock Options granted as per the Guidelines on Compensation of Whole-Time Directors / Chief Executive Officers / Material Risk Takers and Control Function staff, issued by the RBI on November 04, 2019.

#Mr. Ashutosh Khajuria, retired from the Board of the Bank upon completion of his term of office from end of the day, April 30, 2023. Remuneration details of Mr. Ashutosh Khajuria is taken in the capacity of Executive Director till April 30, 2023.

Note:

- During FY 2023-24, Mr. Shyam Srinivasan, MD & CEO has relinquished 30.04 Lakh Stock Options (non- cash) and ₹ 48.70 Lakh (cash) offered to him as Variable Pay.
- Mr. Shyam Srinivasan had exercised 3,20,680 ESOS options having a perquisite value of ₹ 251.89 Lakh,

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 2023-24 (₹ in Lakhs.)
1	Mr. A P Hota	28.55
2	Mr. Siddhartha Sengupta	45.60
3	CA Manoj Fadnis	38.70
4	Mr. Sudarshan Sen	35.40
5	Ms. Varsha Purandare	38.80
6	Mr. Sankarshan Basu	41.10
7	Mr. Ramanand Mundkur	52.20
8	Mr. Elias George	18.90

Note:

- In addition to above sitting fees, Fixed Remuneration of ₹ 20 Lakh each for FY 2022-23 was paid to Mr. A P Hota, Mr. Siddhartha Sengupta, Mr. Manoj Fadnis, Mr. Sudarshan Sen, Ms. Varsha Purandare, Mr. Sankarshan Basu, and Mr. Ramanand Mundkur during FY 2023-24.
- ₹ 18.89 Lakh were paid to Mr. A P Hota as honorarium during the year.
- ₹ 6.11 Lakh were paid to Mr. C Balagopal towards honorarium during the year. ₹ 5.75 Lakh were paid to Mr. C Balagopal towards Sitting fees during the year. Mr. C Balagopal retired from the Board of the Bank as Chairman and Independent Director upon completion of his term of office from end of the day, June 28, 2023.

Mr. Ashutosh Khajuria, had exercised 3,00,000 ESOS options having a perquisite value of ₹ 75.41 Lakh, Ms. Shalini Warriar had exercised 6,15,000 ESOS options having a perquisite value of ₹ 348.86 Lakh and Mr. Harsh Dugar, had exercised 3,25,000 ESOS options having a perquisite value of ₹ 127.96 Lakh, during the FY 2023-24.

F. Separate Meeting of Independent Directors

In compliance with Regulation 25 (3) of the Listing Regulations and Schedule IV of the Act, a separate meeting of Independent Directors was convened on May 03, 2023, June 22, 2023, January 17, 2024, June 06, 2024 and August 06, 2024.

The meetings held on May 03, 2023, and June 22, 2023, were chaired by Mr. C Balagopal and were held without the presence of Non-Independent Directors and members of the management. The objective of the meetings were to review the performance of Non-Independent Directors for the FY 2021-22. Meetings held on January 17, 2024, and June 06, 2024, were chaired by Mr. A P Hota and were held without the presence of Non-Independent Directors and members of the management.

The Independent Directors, in the meeting held on June 06, 2024 inter alia, evaluated the performance of the Independent Directors, Non-Independent Directors and the Board of Directors as a whole and Committees of the Board, evaluated the performance of the Chairman of the Board after taking into account the views of Executive and Non-Executive Directors and discussed aspects relating to the quality, quantity and timeliness of the flow of information between the Bank, the Management and the Board for FY 2023-24. All the Independent Directors attended the aforesaid meetings. In the meeting held on August 06, 2024, Independent Directors evaluated the performance of the Non-Independent Directors for the FY 2023-24.

G. Familiarization Program for Independent Directors

The Bank has an orientation process/familiarization program for its directors (including Independent Directors), which includes sessions on various business and functional matters, and strategy sessions. The Bank ensures induction and training programs are conducted for newly appointed Directors. New Independent Directors are taken through a detailed induction and familiarization program, including briefing on their role, responsibilities, duties, and obligations, the nature of the business and business model, matters relating to Corporate Governance, Code of Business Conduct, Risk Management, Compliance Programs, Internal Audit, etc.

On an ongoing basis, the Bank endeavours to keep the Board including independent directors abreast with matters relating to the industry in which Bank operates, its business model, risk metrics, mitigation and management, governing regulations, information technology including cyber security, their roles, rights and responsibilities and major developments and updates on the Bank.

The details of the familiarization and training programs for FY 24 can be accessed at the link www.federalbank.co.in/shareholder-information.

The Independent Directors of the Bank are made aware of their roles and responsibilities at the time of their appointment through a formal letter of appointment,

which also stipulates various terms and conditions of their engagement.

H. Directors and Officers Insurance

In compliance with Regulation 25 (10) of the SEBI Listing Regulations the Bank had undertaken Directors and Officers insurance ('D and O insurance') for all its directors, including Independent Directors, for a quantum and risks as determined by the Board of Directors of the Bank.

I. Performance Evaluation Criteria for Independent Directors of the Bank

The performance evaluation criteria for Independent Directors include:

- a. Attendance at the Board and Committee meetings
- b. Study of agenda papers in depth prior to meeting and active participation at the meeting.
- c. Contributes to discussions on strategy as opposed to focus only on agenda.
- d. Participate constructively and actively in the Committees of the Board in which they are Members.
- e. Exercises his/her skills and diligence with due and reasonable care and brings an independent judgment to the Board.
- f. The Director remains abreast of developments affecting the company and external environment in which it operates independent of his being 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 for FY2023-24 are detailed below:

Name	Designation
Mr. Shyam Srinivasan	Managing Director & CEO
Ms. Shalini Warriar	Executive Director
Mr. Harsh Dugar	Executive Director
Mr. Venkatraman Venkateswaran	Group President & Chief Financial Officer
Mr. Ajith Kumar K K	Chief Human Resources Officer

Name	Designation
Mr. Pitchai Mahalingam	Executive Vice President & Internal Auditor
Mr. Sunil Kumar K N	Chief Compliance Officer
Mr. Damodaran C	Chief Risk Officer
Mr. Samir P Rajdev	Company Secretary
Mr. Ashutosh Khajuria*	Chief Mentor & Officer on Special Duty

*Mr. Ashutosh Khajuria, retired from the Board of the Bank upon completion of his term of office from end of the day, April 30, 2023, and was appointed as Chief Mentor & Officer on Special Duty.

BOARD COMMITTEES AND ITS TERMS OF REFERENCE

The Committees of the Board play an important role in the governance structure of the Bank and have been constituted to focus on specific areas and make informed decisions within the delegated authority. Each Committee is guided by its Charter or Terms of Reference, which provides for the composition, scope, powers, duties, and responsibilities. The recommendation and/or observations and decisions are placed before the Board for information or approval. The Chairman of respective Committee updates the Board regarding the discussions held / decisions taken at the Committee Meeting. Details on the role

The details of attendance of members and composition are as under:

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
CA Manoj Fadnis	Independent Director	Chairman	22	22
Mr. Sudarshan Sen	Independent Director	Member	22	21
Mr. Sankarshan Basu ¹	Independent Director	Member	22	11
Mr. Ramanand Mundkur	Independent Director	Member	22	22
Mr. A P Hota ²	Independent Director	Member	22	05

¹Mr. Sankarshan Basu joined the Committee as a member w.e.f September 20, 2023.

²Mr. A P Hota ceased to be a member of the Committee w.e.f June 27, 2023.

During the financial year 2023-24, the Committee was re-constituted twice on June 27, 2023, and September 20, 2023.

CA Manoj Fadnis, who is the Chairman of Audit Committee, attended the AGM held on August 18, 2023.

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

and composition of Board Committees, including the number of meetings held during the financial year and the related attendance are provided below.

A. Audit Committee

Composition & Meetings

As on March 31, 2024, Audit Committee comprises of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

During the financial year 2023-24, the Audit Committee met 22 (Twenty Two) times on May 05, 2023, May 17, 2023, May 31, 2023, June 08, 2023, June 12, 2023, July 13, 2023, July 16, 2023, August 14, 2023, August 16, 2023, August 24, 2023, September 11, 2023, October 16, 2023, November 22, 2023, December 12, 2023, December 29, 2023, January 12, 2024, January 16, 2024, January 22, 2024, January 30, 2024, February 28, 2024, March 11, 2024 and March 23, 2024. The time gap between any two meetings was less than one hundred and twenty days.

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. Approval or any subsequent material modification of transactions of the Bank with related parties. 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. 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.
 22. Valuation of undertakings or assets of the Bank, wherever it is necessary.
 23. Evaluation of internal financial controls and risk management systems.
 24. Monitoring the end use of funds raised through public offers and related matters.
 25. 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 reported to RBI within two months from completion of the annual audit.
 26. Scrutiny of inter-corporate loans and investments, if any.
 27. To consider and approve/grant omnibus approval for certain Related Party Transactions (RPTs)
 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 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 Internal Audit Review Committee of Executives to oversee the Internal Audit functions and review the structure and functions of the Committee periodically.
40. The audit committee shall review the status of long-term (more than one year) or recurring RPTs on an annual basis.
41. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
42. To review the policy for empanelment of advocates on a yearly basis
43. Review of Supervisory/regulatory compliance reports including Risk Mitigation Plan submitted to RBI.
44. Review of responses to the regulator with respect to Regulatory Non- compliance
45. Periodical review of the Compliance functions through quarterly and annual reports submitted by Compliance Department
46. Review of Reconciliation of accounts maintained by the Bank with RBI/ other Banks/ Institutions in India on a quarterly basis and recommend to the Board.

Powers of Audit Committee:

The Audit Committee shall have the authority –

- a) To call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board.
- b) To discuss any related issues with the internal and statutory auditors and the management of the company.
- c) To investigate into any matter in relation to the items referred to it by the Board.
- d) To investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice.

- e) To have full access to information contained in the records of the Bank.

Review of information by Audit Committee as per LODR, Regulations, 2015

The Audit Committee shall mandatorily review the following information:

- i. Management discussion and analysis of financial condition and results of operations.
- ii. Management letters / letters of internal control weaknesses issued by the statutory auditors.
- iii. Internal audit reports relating to internal control weaknesses; and
- iv. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee
- v. Statement of deviations:
 - a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of issue of securities of any nature. (if any)
 - b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of issue of securities of any nature. (if any)
- vi. Review the financial statements of unlisted subsidiary, in particular, the investments made by unlisted subsidiary.

Other matters

1. In carrying out its functions as aforesaid, the Committee shall have full access to information contained in the Bank's records and may seek information from any employee of the Bank, or, if considered necessary, obtain outside legal or other professional advice, or discuss with outsiders having the relevant expertise, and thereafter place the same to the Board.
2. The chairperson of the committee shall be present at Annual general meeting to answer shareholder queries.
3. The Company Secretary shall act as the secretary to the Audit committee.
4. The minutes of the Committee meetings and decisions taken by the Committee shall be promptly submitted to the Board.
5. The Auditors and key managerial personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the auditor's report but shall not have the right to vote.

B. Nomination, Remuneration, Ethics and Compensation Committee

Composition and Meetings

As on March 31, 2024, 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-Executives and more than fifty per cent of them being Independent Directors. Chairman of the Committee is an Independent

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	15	15
Mr. A P Hota	Independent Director	Member	15	15
CA Manoj Fadnis	Independent Director	Member	15	15
Mr. C Balagopal ¹	Independent Director	Member	15	04

¹Mr. C Balagopal ceased to be a member of the Committee on June 27, 2023. Mr. C Balagopal retired from the Board of the Bank as Chairman and Independent Director upon completion of his term of office from end of the day, June 28, 2023.

During the financial year 2023-24, the Committee was re-constituted once on June 27, 2023.

Mr. Siddhartha Sengupta, who is the Chairman of Committee attended the AGM held on August 18, 2023.

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

Director. The Committee also includes one member from Risk Management Committee of the Board.

During the financial year 2023- 24, the Nomination, Remuneration, Ethics and Compensation Committee met Fifteen (15) times on April 11, 2023, May 20, 2023, May 27, 2023, June 15, 2023, July 18, 2023, August 05, 2023, September 16, 2023, December 04, 2023, December 12, 2023, January 09, 2024, January 18, 2024, February 08, 2024, February 20, 2024, March 04, 2024, and March 26, 2024.

- c. Consider the time commitments of the candidates.

4. Carrying out evaluation of every director's performance.
5. Deciding on the matter of whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
6. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal; formulation of the criteria for determining qualifications, positive attributes, and independence of a director.
7. Devising a policy on diversity of board of directors.
8. Recommending to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

The Committee shall ensure the following while formulating the policy as above:

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors, key managerial personnel and senior management of the quality required to run the Bank successfully.
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay

reflecting short and long term performance objectives appropriate to the working of the Bank and its goals.

9. Formulating and determining the Bank's policies on remuneration packages payable to the Directors and key managerial personnel including performance/achievement bonus, perquisites, retirements, sitting fees.
10. Considering grant of Stock Options to employees.
11. Reviewing the composition of the existing Committees of the Board.
12. Formulation of criteria for performance evaluation of Independent Directors and the Board.
13. 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.
14. Developing and recommending to the Board the Corporate Governance guidelines applicable to the Bank for incorporating best practices from time to time.
15. Recommend to the board, all remuneration, in whatever form, payable to senior management*

* Senior management shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer

Other Matters

1. The Chairperson of the Nomination, Remuneration, Ethics and Compensation Committee may be present at the Annual General Meeting, to answer

The details of the attendance of the members are as under:

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. A P Hota	Independent Director	Chairman	1	1
Mr. Shyam Srinivasan	Executive Director	Member	1	1
Mr. Harsh Dugar ¹	Executive Director	Member	1	1
Mr. C Balagopal ²	Independent Director	Member	1	NA
Mr. Ashutosh Khajuria ³	Executive Director	Member	1	NA

¹Mr. Harsh Dugar joined as a member of the committee w.e.f. June 27, 2023.

²Mr. C Balagopal ceased to be a member of the Committee on June 27, 2023. Mr. C Balagopal retired from the Board of the Bank as Chairman and Independent Director upon completion of his term of office from end of the day on June 28, 2023.

³Mr. Ashutosh Khajuria ceased to be a member of the Committee on April 28, 2023. Mr. Ashutosh Khajuria, retired from the Board of the Bank upon completion of his term of office from end of the day, April 30, 2023.

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.

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, 2024, Stakeholders Relationship Committee consists of members as stated below. The composition of the Committee is in conformity with the regulatory requirements. Mr. A P Hota, Chairman of Committee, attended the AGM held on August 18, 2023. Mr. Samir P Rajdev, SVP & Company Secretary acts as the Compliance Officer.

During the financial year 2023- 24, the Committee met One (01) time on March 12, 2024.

During the financial year 2023- 24, the Committee was re-constituted twice on April 28, 2023, and June 27, 2023.

Terms of Reference/ Roles and Responsibilities of the Committee are:

1. Review, where necessary, complaints received from shareholders or others regarding transfer/transmission of shares, non-receipt of declared dividends, non-receipt of annual accounts or reports, or other matters relating to shareholding in the Bank, and any action taken by the Bank on such complaints.
2. Initiate such (further) action on the complaints as is considered necessary or desirable by way of redressal or to prevent similar complaints arising in the future; and
3. Approve or reject applications for transmission of shares referred to the Committee by the Bank's Registrar and Share Transfer Agent in terms of such criteria as may be determined by the Committee and conveyed to the Agent.
4. To oversee and review all matters connected with transfers, transmissions, dematerialization, rematerialisation, splitting and consolidation of securities issued by the Bank, issue of duplicate share certificates.

5. Review of adherence to the service standards adopted by the Bank in respect of various services being rendered by the Registrar & Share Transfer Agent.
6. Recommends measures for overall improvement in the quality of investor services.
7. Review of measures taken for effective exercise of voting rights by shareholders.
8. Review of the various measures and initiatives taken by the Bank for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.
9. Approve the allotment for release of shares kept under abeyance of the Bank in compliance with court order.
10. Approve matters related to Shareholders viz. acquisition, increase in shareholding percentage, determination of fit & proper of investors of the Bank.

Other matters

The chairperson of the committee or, in his absence, any other member of the committee authorized by him in this behalf shall attend the general meetings of the Bank to answer queries of the security holders.

The Bank attended to the complaints promptly and to the satisfaction of the shareholders. Details of complaints received and resolved by the Bank during the financial year 2023-24 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
Nil	7	6	1*

*One complaint was closed on April 03, 2024, by NSE.

As on March 31, 2024, apart from the complaints, around 1648 requests/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. This requests/information has also been responded.

D. Credit, Investment and Raising Capital Committee

Composition and Meetings of Credit, Investment and Raising Capital Committee

As on March 31, 2024, the Credit, Investment and Raising Capital Committee consisted of members as stated

below. The composition of the Committee is in conformity with the regulatory requirements.

During the financial year 2023-24, the Credit, Investment and Raising Capital Committee met Thirty (30) times on April 29, 2023, May 15, 2023, May 22, 2023, June 15, 2023, June 17, 2023, June 24, 2023, June 29, 2023, July 11, 2023, July 19, 2023, July 19, 2023 (two meetings were held on July 19, 2023), July 20, 2023, July 24, 2023, July 25, 2023, July 31, 2023, August 23, 2023, September 05, 2023, September 18, 2023, September 26, 2023, October 26, 2023, November 14, 2023, November 21, 2023, December 11, 2023, December 13, 2023, December 27, 2023, January 11, 2024, February 20, 2024, February 27, 2024, March 15, 2024, March 20, 2024, and March 28, 2024.

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	30	29
Ms. Varsha Purandare	Independent Director	Member	30	29
Mr. Ramanand Mundkur	Independent Director	Member	30	30
Mr. Elias George ¹	Independent Director	Member	30	12
Mr. Shyam Srinivasan	Executive Director	Member	30	28
Mr. Harsh Dugar ²	Executive Director	Member	30	20
Mr. Sankarshan Basu ³	Independent Director	Member	30	17
Mr. Ashutosh Khajuria ⁴	Executive Director	Member	30	NA

¹Mr. Elias George joined the Committee as a member on September 20, 2023

²Mr. Harsh Dugar joined the Committee as a member on June 27, 2023

³Mr. Sankarshan Basu ceased to be a member of the committee w.e.f September 20, 2023

⁴Mr. Ashutosh Khajuria ceased to be a member of the committee w.e.f April 28, 2023. Mr. Ashutosh Khajuria, retired from the Board of the Bank upon completion of his term of office from end of the day, April 30, 2023.

During the financial year 2023-24, the Committee was re-constituted thrice on April 28, 2023, June 27, 2023, and September 20, 2023.

Terms of Reference/ Roles and Responsibilities of the Committee are:

1. Consider proposals for approval, renewal, review etc., or modification of various types of funded and non-funded credit facilities to existing/ proposed clients.
2. Monitor the credit exposures of the Bank, review the adequacy of the credit risk and compliance of statutory and regulatory norms.
3. Periodically review the large corporate advances appearing in SMA lists and standard restructured advances.
4. Take note of the details of credit facilities sanctioned by MD level committee and call for more particulars/ comments/clarifications, if found necessary.
5. Take note of the details of compromise settlements approved by the ED and MD level committees and call for more particulars/comments/clarifications, if necessary.
6. Periodically review Non-Performing Assets of large value (₹ 5 Crore and above).
7. Committee has the power to approve compromise proposals as per delegation in the NPA management policy.
8. Committee shall recommend the compromise proposals beyond their power to the Board of Directors for approval.
9. Status report of the position of assets sold to ARCs under Security Receipt Basis held as investment.
10. Any other matter of materialist information that management deems fit for reporting to the committee for noting, review, ratification or approval.

11. Consider proposals for approval of Investments of the Bank within such authority as delegated to it by the Board from time to time.
12. Approve the Policies related to the Treasury Investment and Trading activities and recommend the same to the Board.
13. Approve the new products launched by the Treasury Department and recommend the same to the Board.
14. Review of the investment activities, risk management thereof, and policies, internal control systems and compliance of statutory, regulatory and other applicable norms.
15. Approve the capital raising program of the Bank and recommend the same to the Board.
16. Periodic review of Bank's investments in Subsidiaries, JVs & Associates in addition to other unlisted investments including VCF/ PE and strategic investments.
17. Any divestment of shares in Subsidiaries/ JVs and Associates should be put up to this Committee for vetting before submitting to Board for approval.
18. Any other matter as delegated by other Board level committee / Board, as the case may be.

E. Risk Management Committee

Composition and Meetings

As on March 31, 2024, the Risk Management Committee consisted of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

During the financial year 2023 -24, the Committee met Seven (7) times on June 26, 2023, July 10, 2023, September 19, 2023, December 05, 2023, February 12, 2024, March 02, 2024, and March 19, 2024.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Sudarshan Sen	Independent Director	Chairman	07	07
Mr. Siddhartha Sengupta	Independent Director	Member	07	07
Mr. Sankarshan Basu	Independent Director	Member	07	07
Mr. Shyam Srinivasan	Executive Director	Member	07	07

During the financial year 2023- 24, the Committee was not re-constituted.

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.

Powers of the Risk Management Committee (RMC)

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) Analyzing 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.

During the financial year 2023-24, the Committee met Four (4) times on June 30, 2023, October 21, 2023, February 15, 2024, and March 19, 2024.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Ms. Varsha Purandare	Independent Director	Chairperson	04	04
Mr. Ramanand Mundkur	Independent Director	Member	04	04
Mr. Shyam Srinivasan	Executive Director	Member	04	04
Ms. Shalini Warriar	Executive Director	Member	04	04

During the financial year 2023-24, the Committee was not re-constituted.

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

- i) Fixing of tolerance levels for Liquidity risk monitoring, interest rate sensitivity/EaR, trigger points for realignment of assets/liabilities
- j) Review the functions of the CRMC, ALCO, ORMC, ISC and E&S Committee from time to time.
- k) Reviewing policy for interest rate view/funding/pricing of products etc. of the Bank.
- l) Ensuring capital adequacy management with due regard to various risks impacting the balance sheet.
- m) Monitor and review the non-compliance, limit breaches, audit / regulatory findings, and policy exceptions with respect to risk management.
- n) Recommending to the Board to approve reviews on assessment, monitoring and controlling of non-quantifiable risks like strategic risk, reputation risk, outsourcing risk etc.

F. Customer Service, Marketing Strategy & Digital Banking Committee

As on March 31, 2024, the Customer Service, Marketing Strategy & Digital Banking Committee consisted of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

Bank; providing direction to the management of the Bank on actions to be taken to improve the metrics.

- 3. Reviewing the actions taken/ being taken by the Bank to standardize the delivery of customer experience across all branches.
- 4. Reviewing results of the surveys conducted that provide quantitative and qualitative information on the state of customer experience.
- 5. Providing inputs on the products introduced by the Bank with a view to ensure suitability and appropriateness.
- 6. Monitoring the implementation of the Banking Ombudsman Scheme with particular reference to:
 - a. Reviewing all the awards against the Bank with a focus on identifying issues of systemic deficiencies and the Bank's plan to address these deficiencies.

- b. Reviewing all awards that remain unimplemented after 3 months from the date of the award with the reasons thereof; to report to the Board such delays in implementation without valid reasons and for initiating remedial action.
- 7. Review, on an overall basis, the customer service aspects in the Bank on the basis of the detailed memorandum submitted in this regard and report to the Board of Directors thereafter; this is done once every six months and based on the review, the Committee will direct the Bank to initiate prompt corrective action wherever service quality / skills gaps have been noticed.
- 8. Monitoring the activities of the Standing Committee on Customer Service (executive level committee) on a quarterly basis.
- 9. Review of minutes of product and process approval committee
- 10. Biennial audit of depositor services
- 11. Review of relevant instructions issued by other regulators.
- 12. Review of cases reported under Limited Liability in unauthorized electronic banking transactions Policy.
- 13. Review of details of claims received from legal heirs of deceased depositors/locker hirers/depositors of safe custody articles and pending cases beyond the stipulated period, on a yearly basis.
- 14. The Committee shall review the periodic reports of the Internal Ombudsman, discuss the cases in which the decision of the Internal Ombudsman has been rejected by the Bank.
- 15. Approval of structure of emoluments, facilities and benefits accorded to Internal Ombudsman keeping in view the stature and position of the Internal Ombudsman.
- 16. Review and approval of Standard Operating Procedure (SOP) formulated by the Bank for addressing complaint redressal.

In respect of the Marketing functions of the Bank, the key roles & responsibilities of the Committee are provided below:

- 1. Reviewing the Bank's marketing strategy; providing direction on areas of focus
- 2. Providing direction on the communication strategy and media focus
- 3. Reviewing the Bank's progress in implementing the marketing strategy

In respect of Digital Banking, the key roles & responsibilities of the Committee are provided below:

- 1. Reviewing the Bank's Digital Banking strategy; providing direction on areas of focus
- 2. Reviewing the progress made on the metrics relating to Digital Banking; these metrics cover performance metrics as determined by the Board of Directors (as part of the annual budget) and also cover metrics that are determined by the Government of India from time to time and to review the customer service rendered on digital platform from time to time.
- 3. Progress on various new initiatives and partnerships
- 4. Approving various policies relating to Digital Banking; including and not limited to :
 - (a) Merchant Acquisition Policy
 - (b) Digital Payment Products and Services Policy
- 5. Review of Digital Banking Unit (DBU) Performance and Risk Parameters.

G. Special Committee of the Board for Monitoring and Follow up of Cases of Frauds

Composition and Meetings

As on March 31, 2024, 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.

As required under the RBI regulations, all fraud cases of ₹ 1 Crore and above are considered by the Committee and as directed by the Audit Committee, all fraud cases of ₹ 1 Lakh and above are reported to this Committee.

During the financial year 2023-24, the Committee met Four (4) times on June 26, 2023, September 28, 2023, December 13, 2023, and March 14, 2024.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Shyam Srinivasan	Executive Director	Chairman	04	04
CA Manoj Fadnis	Independent Director	Member	04	04
Mr. Ramanand Mundkur	Independent Director	Member	04	04
Mr. Sankarshan Basu	Independent Director	Member	04	04
Mr. Harsh Dugar ¹	Executive Director	Member	04	04
Mr. Siddhartha Sengupta ²	Independent Director	Member	04	01
Mr. Ashutosh Khajuria ³	Executive Director	Member	04	NA

¹Mr. Harsh Dugar joined the Committee as a member on June 27, 2023

²Mr. Siddhartha Sengupta joined the Committee as a member w.e.f April 28, 2023, and ceased to be a member w.e.f June 27, 2023.

³Mr. Ashutosh Khajuria ceased to be a member of the committee w.e.f April 28, 2023. Mr. Ashutosh Khajuria, retired from the Board of the Bank upon completion of his term of office from end of the day, April 30, 2023.

During the financial year 2023-24, the Committee was re-constituted twice on April 28, 2023, and June 27, 2023.

Terms of Reference/ Roles and Responsibilities of the Committee are:

The major functions of the Committee would be to monitor and review all frauds of ₹ 100 Lakh and above so as to:

- 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.

All the frauds involving an amount of ₹ 100 lakh and above should be monitored and reviewed by SCBF. The periodicity of the meetings of the Committee may be

During the financial year 2023-24, the Committee met Two (2) times on September 16, 2023, and March 18, 2024.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Siddhartha Sengupta	Independent Director	Chairman	02	02
CA Manoj Fadnis	Independent Director	Member	02	02
Mr. Elias George ¹	Independent Director	Member	02	01
Mr. Shyam Srinivasan	Executive Director	Member	02	02

¹Mr. Elias George joined the Committee as a member w.e.f September 20, 2023.

decided according to the number of cases involved. In addition, the Committee should meet and review as and when a fraud involving an amount of ₹ 100 lakh and above comes to light. Information of Frauds of ₹ 100 lakh and above shall be reported to the Special Committee of the Board for Monitoring & follow up of cases of Frauds (SCBF) immediately on detection through Circular Resolution Memorandum, followed by placing the Noting of the Circular Resolution before the immediate next meeting of SCBF.

In addition to the monitoring and review of frauds of ₹ 100 Lakh and above,

1. The Committee shall 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.
2. The Committee shall review the Red Flagged Accounts (RFA) and the remedial actions proposed by the Fraud Monitoring Group (FMG), when an account is classified as RFA.

H. Committee for Human Resources Policy

Composition and Meetings

As on March 31, 2024, the Committee for Human Resources Policy consisted of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

During the financial year 2023-24, the Committee was re-constituted once on September 16, 2023.

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 compensation policy of the Bank
5. To review Learning Initiatives

During the financial year 2023-24, the Committee met Four (4) times on June 27, 2023, October 21, 2023, December 11, 2023, and March 12, 2024.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. A P Hota	Independent Director	Chairman	04	04
Ms. Varsha Purandare	Independent Director	Member	04	04
Mr. Elias George ¹	Independent Director	Member	04	03
Mr. Shyam Srinivasan	Executive Director	Member	04	04
Ms. Shalini Warriar	Executive Director	Member	04	04

¹Mr. Elias George joined the Committee as a member w.e.f September 20, 2023.

During the financial year 2023-24, the Committee was re-constituted on September 20, 2023.

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

6. To review Talent pool creation/ Succession Planning Policy
7. To review Funding Superannuation Policy
8. To review periodic HR Plans and Activities

I. Information Technology & Operations Committee

The Information Technology and Operations Committee of the Board shall advice on the strategic direction of the Technology and Operations functions within the Bank.

As on March 31, 2024, the Information Technology & Operations Committee consist of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

strategic goals and provide high-level direction for sourcing and use of IT resources.

8. Ensuring proper balance of IT investments for sustaining bank's growth
9. Becoming aware about exposure towards IT & Cyber Security risks and controls. And evaluating effectiveness of management's monitoring of IT & Cyber Security risks through oversight over the proceedings of the Information Security Committee.
10. Assessing Senior Management's performance in implementing IT strategies
11. Issuing high-level policy guidance (e.g., related to risk, funding, or sourcing tasks), including review and recommendation of Information Systems Security Policy and Cyber Security Policy to the Board for approval.
12. Confirming whether IT or business architecture is to be designed, so as to derive the maximum business value from IT.
13. Overseeing the aggregate funding of IT at a bank-level and ascertaining if the management has resources to ensure the proper management of IT risks.
14. Reviewing IT performance measurement and contribution of IT to businesses
15. Ensure IT and information security governance structure which is efficient and effective. The

governance structure should ensure accountability, defined objectives and clear responsibilities across organisation. Availability of skilled resources to ensure the governance structure shall also be ensured.

16. Reviewing the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management associated with the IT, IS, information/ cyber security controls and operations.

In respect of the Operations functions of the Bank, the key roles & responsibilities of the Committee are provided below:

1. Ensuring that the management has put an effective strategic planning process in place for operational activities that balances risk, customer experience and costs reviewing the same from time to time.
2. Ensuring that the operations organizational structure complements the business model and its direction.
3. Ensuring that management has put in place effective steps to mitigate operational risks relating to the core operational processes of the Bank.

During the financial year 2023-24, the CSR Committee met 2 (two) times on June 03, 2023, and March 14, 2024.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Sankarshan Basu	Independent Director	Chairman	02	02
Mr. Shyam Srinivasan	Executive Director	Member	02	02
Ms. Shalini Warriar	Executive Director	Member	02	02
Mr. Harsh Dugar ¹	Executive Director	Member	02	01
Mr. C Balagopal ²	Independent Director	Chairman	02	01
Mr. Ashutosh Khajuria ³	Executive Director	Member	02	Nil

¹Mr. Harsh Dugar joined as a member of the Committee w.e.f June 27, 2023

²Mr. C Balagopal ceased to be a member of the Committee w.e.f June 27, 2023. Mr. C Balagopal retired from the Board of the Bank upon completion of his term of office from end of the day, June 28, 2023.

³Mr. Ashutosh Khajuria ceased to be a member of the Committee w.e.f April 28, 2023. Mr. Ashutosh Khajuria, retired from the Board of the Bank upon completion of his term of office from end of the day, April 30, 2023

During the year, the Corporate Social Responsibility Committee was re-constituted twice on April 28, 2023, and June 27, 2023.

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

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, 2024, the Corporate Social Responsibility Committee (CSR Committee) consist of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

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 Non-Cooperative Borrowers and Identification of Willful Defaulters Composition and Meetings of Review Committee of the Board on Non-Cooperative Borrowers and Identification of Willful Defaulters

As on March 31, 2024, the Review Committee of the Board on Non-Cooperative Borrowers and Identification of Willful Defaulters consists of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

During the financial year 2023-24, the Committee met 2 (two) times on June 08, 2023, and March 18, 2024.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Shyam Srinivasan	Executive Director	Chairman	02	02
CA Manoj Fadnis	Independent Director	Member	02	02
Mr. Sudarshan Sen	Independent Director	Member	02	02

During the year, the Review Committee of the Board on Non-Cooperative Borrowers and Identification of Willful Defaulters was not re-constituted.

Terms of Reference/ Roles and Responsibilities of the Committee are:

- a) **Non-Cooperative Borrowers:** The Review Committee finalizes the decision with regard to classification & declassification of Non-Cooperative Borrowers. In compliance with RBI directions on Non-Cooperative Borrowers (NCB), the Bank has put in place a policy on identification, classification & declassification of Non-Cooperative Borrowers and reporting of such borrowers to the Central Repository of Information on Large Credits (CRILC). The policy envisages formation of a committee headed by an Executive Director & consisting of two other Senior Executives of the rank of SVP/VP to take a decision on classification & declassification of Non-Cooperative Borrowers. Accordingly, an ED level committee headed by ED formed. Review committee of the Board reviews the order of the ED level Committee, and the order shall become final only after the Review Committee confirm it. The Committee shall review at least on a half-yearly basis or as and when required, the status of non-cooperative borrowers for deciding whether their names can be declassified as evidenced by their return to credit discipline and cooperative dealings.

- b) **Wilful Defaulters:** The Review Committee reviews the order of the Internal Committee that identifies accounts to be reported as wilful default to comply with the regulatory guidelines. While reviewing the Identification Committee's order, the Review Committee shall also consider the representations if any made by the borrowers against such order. The Review Committee shall pass a reasoned order and the copy thereof shall also serve on the borrowers. This Review Committee reviews the order of the Internal Committee that identifies accounts to be reported as wilful default to comply with the regulatory guidelines. The Order shall become final only after it is confirmed by the Review Committee.

SUBSIDIARY AND ASSOCIATE COMPANY OF THE BANK

The Bank has two subsidiary companies, Fedbank Financial Services Limited and Federal Operations and Services Limited. The Bank has no material subsidiaries as per the conditions laid down in the SEBI Listing Regulations. The Policy has been displayed on the Bank's website at <https://www.federalbank.co.in/our-commitments>

As on March 31, 2024, the Bank has two Associate Companies, a Joint Venture Life Insurance Company, named Ageas Federal Life Insurance Company Limited (formerly known as IDBI Federal Life Insurance Co Ltd.) and an Investment Banking company named Equirus Capital Private Limited.

The Directors of the Bank who were also in the subsidiary/ associate companies as on March 31, 2024, are as follows:

- Mr. Shyam Srinivasan, Managing Director, and Chief Executive Officer (MD & CEO) is the Non-Executive Director in Fedbank Financial Services Limited.
- Mr. Siddhartha Sengupta, Independent Director, is the Non-Executive Director in Federal Operations and Services Ltd. Mr. Siddhartha Sengupta holds the position of Chairman in Federal Operations and Services Limited
- Mr. Shyam Srinivasan, MD & CEO is the Non-Executive Director & Deputy Chairman and Ms. Shalini Warriar, Executive Director of the Bank is the Non-Executive Director, in Ageas Federal Life Insurance Company Limited.

The Bank monitors performance of its subsidiary Companies, inter-alia, by the following means:

- The Audit Committee reviews financial statements of the subsidiary Companies, along with investments made by them.
- The Board of Directors reviews the Board Meeting minutes and statements of all significant transactions and arrangements, if any, of subsidiary Companies.

Fedbank Financial Services Limited is listed with both National Stock Exchange of India Limited 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 - 90th Annual General Meeting
Day, Date and Time of Meeting - Friday, July 09, 2021, at 11.00 AM
Venue – Through Video Conferencing/Other Audio-Visual Means(“OAVM”)

Special Resolutions

- a) Re-appointment of Mr. A P Hota (DIN-02593219) as an Independent Director of the Bank.
- b) Raising of Tier I Capital of the Bank through Issuance of Securities
- c) Raising of Funds through Issuance of Bonds
- d) Approve the issuance of equity shares on preferential basis

Name of Meeting – 91st Annual General Meeting
Day, Date and Time of Meeting - Friday, July 27, 2022, at 11.00 AM
Venue – Through Video Conferencing/Other Audio-Visual Means(“OAVM”)

Special Resolutions

- a) Appointment of Mr. Sankarshan Basu (DIN: 06466594) as an Independent Director of the Bank.
- b) Appointment of Mr. Ramanand Mundkur (DIN: 03498212) as an Independent Director of the Bank
- c) Raising of Funds through Issuance of Bonds
- d) Raising of Tier I Capital of the Bank through Issuance of Securities
- e) Amendments in Memorandum of Association (MOA) of the Bank

Name of Meeting – 92nd Annual General Meeting
Day, Date and Time of Meeting – Friday, August 18, 2023, at 11.00 AM
Venue – Through Video Conferencing/Other Audio-Visual Means(“OAVM”)

Special Resolutions

- a) Payment of Compensation by way of Fixed Remuneration to Non-Executive Directors (excluding the Non-Executive Part-time Chairman)
- b) Amendments to the Articles of Association (AOA) of the Bank
- c) Issuance of equity shares on preferential basis
- d) Raising of Funds through Issuance of Bonds
- e) Increase in borrowing limit
- f) Adoption of The Federal Bank Limited Employee Stock Option Scheme 2023
- g) Adoption of The Federal Bank Limited Employee Stock Incentive Scheme 2023
- h) Extension of The Federal Bank Limited Employee Stock Option Scheme 2023 and The Federal Bank Limited Employee Stock Incentive Scheme 2023 to employees of subsidiary company(ies) / associate company (ies)*

During the year, all recommendations of the Board of Directors were accepted by the Shareholders of the Bank except the below mentioned item in respect of special businesses mentioned in the 92nd Annual General Meeting notice.

*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 non-operational and invalid.

B. Postal Ballot

- i) The Bank sought the approval of its shareholders on a specific matter through a Special Resolution by postal ballot by utilizing a remote e-voting process only. The notice of this postal ballot dated October 16, 2023, was circulated on October 19, 2023. Remote e-voting began on October 21, 2023, and concluded on November 19, 2023. On the final day of remote e-voting, i.e., November 19, 2023, the special resolution was passed and the outcome was declared on November 20, 2023. Please see the information below for a description of the resolutions and details on the voting pattern:

Description of Resolution and Type of resolution	Number of Votes			
	For	%	Against	%
Appointment of Mr. Elias George (DIN: 00204510) as an Independent Director of the Bank	1470471288	99.9903%	142423	0.0097%

The Postal Ballot was conducted solely through the Remote E-Voting process in accordance with the regulations set forth in Sections 108 and 110, as well as other applicable provisions of the Companies Act, 2013 and its corresponding Rules.

M/s. M Damodaran & Associates LLP, Practicing Company Secretaries, were appointed as Scrutinizer, for conducting the above Postal Ballot through the Remote E-Voting process fairly and transparently and following the provisions of the Companies Act, 2013 and the rules made thereunder.

- ii) The Bank sought the approval of its shareholders on a specific matter through a Special Resolution by postal ballot by utilizing a remote e-voting process only. The notice of this postal ballot dated March 28, 2024, was circulated on April 17, 2024. Remote e-voting began on April 19, 2024, and concluded on May 18, 2024. On the final day of remote e-voting, i.e., May 18, 2024, the special resolution was passed and the outcome was declared on May 20, 2024. Please see the information below for a description of the resolutions and details on the voting pattern:

Description of Resolution and Type of resolution	Number of Votes			
	For	%	Against	%
Re-appointment of Mr. Siddhartha Sengupta (DIN: 08467648) as an Independent Director of the Bank	1598787785	99.6305	5929434	0.3695
Re-appointment of CA Manoj Fadnis (DIN: 01087055) as an Independent Director of the Bank	1581574957	98.5567	23160990	1.4433

The Postal Ballot was conducted solely through the Remote E-Voting process in accordance with the regulations set forth in Sections 108 and 110, as well as other applicable provisions of the Companies Act, 2013 and its corresponding Rules.

M/s. M Damodaran & Associates LLP, Practicing Company Secretaries, were appointed as Scrutinizer, for conducting the above Postal Ballot through the Remote E-Voting process fairly and transparently and following the provisions of the Companies Act, 2013 and the rules made thereunder.

ETHICAL STANDARDS EMPLOYED BY THE BANK

All the employees of the Bank are required to comply with Bank’s service manuals which, inter alia, provides for various ethical practices to be adhered to by them. It also includes Code of Ethics and Business Conduct, which provides the guidelines on standards of business conduct, and it applies to all employees of the Bank. The Code explains the conduct and ethical behavior to be exhibited by each employee towards customers, colleagues, and other stakeholders to uphold the collective interest of the Bank. This includes Bank’s obligation to comply with all general laws, local rules, and regulations

relevant to our activity and its commitment to enhance shareholders' value. The guidelines on the usage of social media published by the Bank outlines the standards employees are expected to observe when using social media.

POLICIES, AFFIRMATIONS AND DISCLOSURES

A. Code of Corporate Governance and Code of Conduct

The Board of Directors of the Bank has adopted the Code of Corporate Governance and Code of Conduct for the Directors of the Bank and for Management, and the code is reviewed on an annual basis. All the Board members and the senior management of the Bank have affirmed compliance to the Bank's Code of Corporate Governance and Code of Conduct. Bank's Code of Corporate Governance and Code of Conduct for Directors and Management are available on the website of the Bank <https://www.federalbank.co.in/shareholder-information>.

All the Board Members and Senior Management Personnel have confirmed compliance with the code during the year 2024. A declaration to that effect signed by the Managing Director and CEO forms part of the Annual Report of the Bank.

B. Related Party Transactions

All related party transactions that were entered into during the financial year were in the ordinary course of the business of the Bank and were on arm's length basis. There were no materially significant related party transactions entered by the Bank with Related parties which may have a potential conflict with the interest of the Bank. All Related Party Transactions were placed before the Audit Committee of the Board for approval. Prior omnibus approval for transactions which are of repetitive nature is obtained from the Audit Committee and accordingly the required disclosures are made to the Committee on quarterly basis in terms of the approval of the Committee.

The policy on Related Party Transactions as approved by the Audit Committee and the Board of Directors is uploaded on the website of the Bank and the link for the same is <https://www.federalbank.co.in/our-commitments>.

All related party transactions entered into by the Bank were in the ordinary course of business and were on an arm's length basis. Details of Related Party Transactions are provided as part of financial statements attached to the Annual Report. There are no material related party transactions, which were at arm's length hence Form AOC-2 is not attached.

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 FY2023-24.

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 has complied with and disclosed all the mandatory corporate governance requirements under Regulation 17 to 27 and sub-regulation (2) of Regulation 46 of SEBI Listing Regulations (relating to disclosure on the website of the Bank).

E. Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

The Foreign Exchange Risk arising out of Forex positions of the Bank is monitored by the Market Risk Division of Integrated Risk Management Department. Various risk limits such as Daylight Limit, NOOP, AGL and Forex VAR are defined in the Market Risk Management Policy of the Bank and are closely monitored by the Market Risk Division. The policy of the Bank on Investment, Forex and Derivative operations lays out the operative guidelines for Foreign Exchange operations. The Foreign Currency Assets and Liability gap is ascertained by Treasury Department and is managed using hedging tools such as swaps, wherever found necessary. Bank is not involved in Commodity trading/ hedging activities. Hence, disclosures are not reported as per the prescribed format as per SEBI Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated July 11, 2023.

F. Federal Bank Code of Conduct for Regulating, Monitoring and Reporting Trading by Insiders and Code of Practices and Procedures for Fair Disclosure

As per SEBI (Prohibition of Insider Trading) Regulations, 2015, the Bank has in place a Code of Conduct for Regulating, Monitoring and Reporting Trading by Insiders and Code of Practices and Procedures for Fair Disclosure. The same have been revised during the year in accordance with amendments in the SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code of Conduct for Prevention of Insider Trading lays down guidelines advising the Management, staff, and other connected persons, on procedures to be followed and disclosures to be made by them while dealing with the shares of Bank, and while handling any Unpublished Price Sensitive Information, cautioning them of the consequences of violations.

Mr. Samir P Rajdev, Company Secretary of the Bank has been designated as Compliance Officer.

G. Whistle Blower Policy/Vigil Mechanism

Bank has a robust Fraud Risk Management Framework which provides guidance on managing the Fraud Risk methodically. Various mitigation measures and surveillance mechanisms are deployed to combat both

internal and external frauds. Employees and Public are periodically sensitized on the various frauds and the prevention techniques, with a view to create an atmosphere of alertness.

Preventive Vigilance Workshop is a flagship program designed by Vigilance Department for the employees, which explicates different gaps exploited by the miscreants to perpetrate fraud in the banking industry. The program also ensures deliverance of strategies to be taken to avert such frauds. Fraud Prevention Committee meetings are conducted at Branches on a regular basis to familiarize the various modus operandi of trending frauds and their corresponding preventive measures. Branches are identified based on risk rating and Preventive Vigilance Audits are conducted annually in the identified Branches.

Customer awareness on financial frauds is another area that is well covered by the Bank through multiple communication channels including SMS, E-Mails, posters at Branches, ribbon messages on the Bank's website, internet banking webpage, etc. Bank is also giving special focus to Cyber related frauds and awareness messages are disseminated among the public through various mediums including social media, website, etc. A dedicated campaign is launched, titled "TwiceisWise", with an aim to spread awareness among the public, on cyber related frauds. Posters and videos cautioning the public about novel fraud incidents are shared through social media handles, TV channels, web channels, etc.

All cases detected / reported in the Bank are investigated in detail and appropriate process refinements/systemic corrections are ensured to avert similar incidents in future.

Bank has also implemented a robust Whistle Blower Policy termed as Protected Disclosure Scheme (PDS). The policy aims at establishing an effective vigil mechanism in the Bank to quickly spot aberrations and deal with it at the earliest. Policy assures confidentiality and protection to the whistle blower against any personal vindictive actions such as humiliation, harassment or any other form of unfair treatment. Directors and Employees of the Bank, employee representative bodies, customers, stakeholders, non-governmental organizations (NGO) and members of the public can lodge complaints / disclosures under this scheme. A dedicated e-mail ID is provided for sending complaints/disclosures under PDS. PDS policy is made available in Bank's website and Intranet. To access Bank's Whistle Blower Policy- <https://www.federalbank.co.in/documents/10180/45777/Whistle+Blower+policy+or+PDS.pdf/558aea51-1335-4546-9c9a-28c5030377a1?t=1688463892328>.

H. Dividend Distribution Policy

In accordance with the Regulation 43A of SEBI Listing Regulations, the Bank has formulated a Dividend Distribution Policy. The policy has been displayed on the Bank's website at <https://www.federalbank.co.in/our-commitments>.

I. CEO/CFO Certification

The MD and CEO and Chief Financial Officer (CFO) have issued certificate pursuant to the provisions of Regulation 17(8) of the SEBI Listing Regulations, 2015 certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Bank's affairs. The said certificate is annexed and forms part of the Annual Report.

J. Utilization of funds raised through Preferential Allotment or Qualified Institutions Placement

During the year, the Bank raised ₹ 9,587,488,951.68 (Rupees Nine Hundred Fifty-Eight Crore Seventy-Four Lakhs Eighty-Eight Thousand Nine Hundred Fifty-One Rupees and Sixty-Eight Paise only) through Preferential Allotment and ₹ 30,399,999,924.60 (Rupees Three Thousand and Thirty-Nine Crore Ninety Nine Lakh Ninety Nine Thousand Nine hundred and twenty four and sixty paise only) through Qualified Institutions Placement.

The proceeds were utilized for augmenting Bank's Tier I capital base to meet its capital requirements and for other general corporate requirements.

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 SEBI Listing Regulations, the Bank has received a certificate from M Damodaran & Associates LLP, Practicing Company Secretaries certifying that none of our Directors have been debarred or disqualified from being appointed or continuing as Directors of the Bank by SEBI /Ministry of Corporate Affairs or any such statutory authority, is annexed to this report.

L. Recommendations of Committee(s) of the Board of Directors

During the year under review, there has been no instances of rejection by the Board of any recommendations made by any of its committees.

M. Internal Controls

The Bank has through the years developed and stabilized an effective internal control system calibrated to the risk appetite of the Bank and aligned to the scale, size, and complexity of its operations. The scope and authority of the internal audit function is defined in the Internal Audit Policy of the Bank, duly approved by the Board of Directors. In order to help Bank in achieving its mission of adopting the best professional practices prevailing in the industry, while framing the policy, substantial inputs are taken from - RBI guidance note on Risk Based Internal Audit, 'The internal audit function in Banks' published by Basel Committee on Banking Supervision and RBI Circular on 'Concurrent Audit System.' Internal Audit Policy is reviewed annually. Policy is reviewed considering various guidelines of RBI, Basel Committee recommendations, ICAI guidelines, other statutory / regulatory guidelines,

directions of Board / Audit Committee of the Board issued from time to time and periodic internal guidelines / instructions issued by the Bank. Risk based Audit framework is reviewed in line with the present business model and industry best practices. At the enterprise level, the Internal Audit Department, on a continuous basis, assesses and monitors the effectiveness of the control systems and its adequacy to meet the growing complexities. The audit function essentially validates the compliance of Bank's processes and operations with regulatory guidelines, accounting procedures and Bank's own internal rules and guidelines. A department level group meets on periodical intervals to discuss latest internal / RBI / regulatory guidelines for ensuring that the required changes are implemented for making the audit function updated and dynamic.

The Bank has a robust system towards escalating the audit findings to appropriate levels in the hierarchy of Management and discussions in various committees towards suggesting corrective action and its follow up. Chief Internal Auditor of the Bank directly reports to the Managing Director & CEO of the Bank. Audit Committee of the Board reviews the adequacy and effectiveness of the Internal Audit Function. The Bank has various types of audits which inter-alia include Risk Based Internal Audit, Information System Audit, Third Party Risk Audit, Offsite Audit (audit through use of technology and data analysis), Concurrent Audit, Gold Loan Audit and Management Audit. Branches / Departments are risk rated and the frequency of Risk Based Internal Audit / Management Audit is decided based on the Risk Rating of the unit. Significant Audit findings and observations are presented to Internal Audit Review Committee of Executives and a report on the meetings of Internal Audit Review Committee of Executives along with significant audit findings, directions / suggestions of the Committee and action taken in such cases are placed to the Audit Committee of the Board for review periodically. Other findings are placed before a department level committee called the 'Internal Audit Department Review Committee' for review and its observations are placed before Internal Audit Review Committee of Executives.

As per the requirement of Companies Act, 2013, Bank has formulated Internal Financial Controls framework. Risk and Controls associated with each process in the Bank are documented under the Internal Financial Controls Framework. Internal Audit Department plays a significant role in testing the control effectiveness for each process under the framework.

The Internal Audit function provides independent assurance to the Board of Directors and Senior Management on the quality and effectiveness of the bank's internal control, risk management and governance systems and processes, thereby helping the Board and Senior Management protect the Bank and its reputation.

N. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Requisite information is provided under the Board's Report which forms part of the Annual Report.

O. Fees paid to Statutory Auditors

M S K A & Associates, Chartered Accountants and Suri & Co. Chartered Accountants, have conducted the joint statutory audit of the Bank for FY 2023-24, pursuant to the approval of the RBI and the shareholders of the Bank.

The total fees paid by the Bank and its subsidiary, on a consolidated basis, for the services rendered by Statutory Auditors and the Firm's affiliate entities during the FY 2023- 24 is as below:

(₹ in Crore)	
Particulars	Amount*
Audit Fee	3.56
Fee for certification and other attest services**	1.03

*The above fees exclude taxes and out of pocket expenses and includes fees to Varma & Varma, Chartered Accountants and Borkar & Muzumdar, Chartered Accountants who completed their tenure as joint statutory auditors during the year.

**The services of statutory auditors have been obtained during the normal course of business for compliance with statutes and the guidelines of various regulators like SEBI, RBI etc. which specifically require the Statutory Auditor to undertake these activities and are not in the nature of management assurance.

P. Credit Ratings and Change/ Revisions in Credit Ratings for Debt Instruments

Details of Credit Ratings obtained by your Bank during the financial year are as follows.

- CRISIL A1+ for the Certificate of Deposit Programme of the Bank
- CRISIL A1+ for the Short-Term Fixed Deposits of the Bank
- CRISIL AA+ (Positive) for Fixed Deposit Programme of the Bank
- CARE AA+ (Stable) for the Tier II bonds (Under Basel III)
- IND AA+/Stable by India Rating and Research for the Tier II bonds (Under Basel III)

During the review period as compared to previous year, the outlook for Fixed Deposit Programme of the Bank was upgraded from AA+ (Stable) to AA+ (positive), CARE rating for Tier II bonds was upgraded from CARE AA (Positive) to CARE AA+ (Stable) and India Rating for Tier II bonds was upgraded from IND AA/Positive to IND AA+/Stable.

Q. Debenture Trustees

The SEBI Listing Regulations require companies which have listed their debt securities, to disclose the names

of their debenture trustees with contact details in their Annual Report. The following are the debenture trustees for the privately placed bonds of the Bank:

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

- For ₹ 700 CR Issuance bearing ISIN INE171A08032 issued on 20-01-2022
- For ₹ 995 CR Issuance bearing ISIN INE171A08040 issued on 29-03-2023

**Beacon Trusteeship Ltd
4C & D Siddhivinayak Chambers,
Gandhi Nagar,
Opp MIG Cricket Club,
Bandra East, Mumbai - 400051**

- For ₹ 300 CR Issuance bearing ISIN INE171A08024 issued on 20-06-2019

R. Outstanding GDRS/ADRS/Warrants or any Convertible Instruments, Conversion Date and Likely Impact on Equity

The Bank has 2,46,56,664 GDRs (equivalent to equity shares) outstanding, which constituted 1.01% of the Bank's total capital as of March 31, 2024.

S. Compliance with Mandatory Requirements

The Bank has complied with all applicable mandatory requirements of the SEBI Listing Regulations during the financial year 2023-24. Quarterly compliance report on Corporate Governance, in the prescribed format, duly signed by the compliance officer, is submitted regularly with the Stock Exchanges where the shares of the Bank are listed. The required disclosures under SEBI Listing Regulations are detailed under various portions of Board's Report and Corporate Governance Report and compliance has been ensured.

ADOPTION OF DISCRETIONARY REQUIREMENTS

A. Modified opinion(s) in Audit Report

The Auditors have expressed an unmodified opinion in their report on the financial statements of the Bank.

B. Separate posts of Chairman and Chief Executive Officer

The Bank has also complied with the adoption of non-mandatory requirement on separate posts of Chairman and Chief Executive Officer. Mr. A P Hota, Independent Director is the Chairman and Mr. Shyam Srinivasan is the Managing Director & CEO of the Bank as on March 31, 2024.

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 www.federalbank.co.in.

MEANS OF COMMUNICATION

A. Financial Results

The quarterly, unaudited, and annual audited Standalone & Consolidated financial results were published in Financial Express and Deepika Daily. The results were also displayed on the Bank's website, www.federalbank.co.in.

B. News Releases/ Presentations

As a part of good governance, official press releases, results, webcasts, analyst presentations are displayed on the Bank's website, www.federalbank.co.in. We encourage investors to visit our website for reading the documents.

C. Earnings Calls, and Investor Presentations:

The Bank conducts regular earnings calls to discuss its financial performance and outlook with investors and analysts. In addition, it attends investor conferences and investor/ analyst meets, schedule whereof is submitted to Stock Exchange and are published on website.

D. Website

The Bank's website, www.federalbank.co.in contains a separate section 'Investor Relations' for use of investors. The quarterly, half yearly and annual financial results, official news releases and presentations made to institutional Investors and to analysts are promptly and prominently displayed on the website. Annual Reports, Quarterly Corporate Governance Report, Shareholding Pattern and other Corporate Communications made to the Stock Exchanges are also available on the website. Annual Report of subsidiary Companies is also posted on the website.

The 'Investor Relations' section provides the details of unclaimed dividends warrants for dividends declared up to the financial year ended March 31, 2024, to help shareholders to claim the same. In addition, various downloadable forms required to be executed by the shareholders have also been provided on the website.

Share price page is also provided in 'Investor Relations' section. Share price page includes, inter alia, real time updates on stock price, stock movement, historical share price data etc.

E. Communication to Shareholders on e-mail

Documents like Notices, Annual Report etc. are sent to the shareholders at their email address, as registered with their Depository Participants/ Bank/ Registrar and Transfer Agents (RTA). This helps in prompt delivery of document, reduce paper consumption and avoid loss of documents in transit. Members who have not yet

registered their email id (including those who wish to change their already registered email id) may get the same registered/ updated either with their depositories or by writing to the Bank/ RTA.

F. Reminders to Shareholders

Reminders for claiming unclaimed shares lying with the Bank which are liable to be transferred to the Investor Education and Protection Fund Authority are sent to the Shareholders as per Bank records.

As on date of report, communication was sent to Shareholders for updation of KYC/Nomination/Bank Detail with respect to electronic payment of dividend/ interest or redemption from April 01, 2024.

G. NEAPS (NSE Electronic Application Processing System) and BSE Listing Centre

NSE and BSE have developed web-based applications for Corporates. All compliances like financial results, Shareholding Pattern and Corporate Governance Report, etc., are filed electronically on NEAPS/ BSE Listing center.

H. Redressal of Shareholder Queries/ Complaints

All grievances/ disputes/ complaints against Bank/RTA are required to be directly lodged with the Bank / RTA. Shareholder may lodge the same by sending an email to [csdstd@integratedindia.in/](mailto:csdstd@integratedindia.in) secretarial@federalbank.co.in or by sending physical correspondence at the Bank/ RTA address.

As an alternative redressal method the complaint may be raised on "SCORES" platform of SEBI which can be accessed at <https://www.scores.gov.in> or through online dispute resolution process which can be initiated through the ODR portal, <https://smartodr.in/login>.

i. SCORES (SEBI complaints redressal system)

SEBI processes investor complaints in a centralized web-based complaints redressal system i.e., SCORES. Through this system a shareholder can lodge complaint against the Bank for his grievance. The Bank uploads the action taken on the complaint which can be viewed by the shareholder. The Bank and shareholder can seek and provide clarifications online through SCORES.

ii. Online Dispute Resolution (ODR) Mechanism

The Securities Exchange Board of India ("SEBI") vide its circular dated July 31, 2023, has introduced a common Online Dispute Resolution Portal ("ODRP") to facilitate online resolution of disputes arising in respect of equity shares. The ODRP provides members with an additional mechanism to resolve their grievances. Any unresolved issues pertaining to any service-related complaints between members

and listed entity including its Registrar & Share Transfer Agents in the securities market, will be resolved in accordance with the above mentioned SEBI Circular.

- I. Social-Media:** The Bank utilizes social media platforms to engage with its stakeholders and provide updates on various activities.

GENERAL INFORMATION FOR SHAREHOLDERS

A. Company Registration Details

The Bank is registered in Kerala, India. The Corporate Identification Number (CIN) allotted by the Ministry of Corporate Affairs (MCA) is L65191KL1931PLC000368.

B. Annual General Meeting

Date: August 31, 2024; Time: 11.00 AM;
Venue: Through Video Conferencing ('VC') or Other Audio-Visual Means ('OAVM')

C. Financial Calendar

Financial Year: April 1, 2023, to March 31, 2024
For the financial year ended March 31, 2024, results were announced on:

- First Quarter: July 13, 2023
- Second Quarter: October 16, 2023
- Third Quarter: January 16, 2024
- Fourth Quarter & Annual: May 02, 2024

D. Book Closure

The dates of Book Closure are from August 25, 2024 to August 31, 2024 (both days inclusive).

E. Dividend Payment Date:

If the final dividend, as recommended by the Board of Directors, is approved at the AGM, payment of such dividend subject to deduction of tax at source will be made within 30 days after AGM, by way of electronic mode only.

SEBI vide its Circular bearing reference no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/181 dated November 17, 2023, has mandated that dividend, interest or redemption shall be paid only through electronic mode with effect from April 01, 2024.

Accordingly, no dividend shall be paid in case PAN, Nomination, contact details, Bank A/c details and Specimen signature for the corresponding folio numbers of shareholders are not updated. Shareholders should update the same with the Bank / RTA (in case holding shares in physical mode) / Depository Participant (in case holding shares in electronic form) to ensure that the said dividend is credited to the designated Bank account.

F. Dates for Transfer of Unclaimed Dividend to Investors Education and Protection Fund (IEPF)

Pursuant to Section 124 of the Companies Act, 2013, final dividend for the financial year 2015- 16 amounting to ₹ 77,51,170/- 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 October 17, 2023.

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

Financial Year	Type of Dividend	Dividend rate %	Date of Declaration	Due date for transfer to IEPF
2016-17	Final	45	14.07.2017	16.08.2024
2017-18	Final	50	10.08.2018	12.09.2025
2018-19	Final	70	25.07.2019	30.08.2026
2020-21	Final	70	09.07.2021	09.08.2028
2021-22	Final	90	27.07.2022	26.08.2029
2022-23	Final	50	18.08.2023	17.09.2030

G. Mandatory Transfer of Shares to Demat Account of Investors Education and Protection Fund Authority (IEPFA) in case of unpaid/ unclaimed dividend on shares for a consecutive period of seven years

In terms of Section 124(6) of the Companies Act, 2013 read with Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (as amended from time to time) shares on which dividend has not been paid or claimed by a shareholder for a period of seven consecutive years or more shall be credited to the Demat Account of Investor Education and Protection Fund Authority (IEPFA) within a period of thirty days of such shares becoming due to be so transferred. Upon transfer of such shares, all benefits (like bonus, etc.), if any, accruing on such shares shall also be credited to such Demat Account and the voting rights on such shares shall remain frozen till the rightful owner claims the shares. Shares which are transferred to the Demat Account of IEPFA can be claimed back by the shareholder from IEPFA by following the procedure prescribed under the aforesaid rules. Therefore, it is in the interest of shareholders to regularly claim the dividends declared by the Bank.

Consequent to the above, during the financial year 2023-24, 11,75,439 equity shares of the Bank were transferred to the IEPFA. Relevant details of such shares are available on the website of the Bank, www.federalbank.co.in/unclaimed-dividend-warrants.

given below. Shareholders who have not encashed their dividend warrants relating to the dividends specified below are requested to immediately send their request for issue of duplicate warrants/ for credit to their Bank account with requisite documents. The details of dividends specified below are available on the website of the Bank, www.federalbank.co.in/unclaimed-dividend-warrants. 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.

H. Listing

At present, the equity shares of the Bank are listed at:

BSE Ltd (BSE)

Address: Phiroze Jeejeebhoy Towers Dalal Street, Mumbai- 400 001

National Stock Exchange of India Limited (NSE)

Address: Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E)

London Stock Exchange

The GDRs issued by the Bank in 2006 have been listed on the London Stock Exchange, 10 Paternoster Sq., London EC4M 7LS, United Kingdom.

The Bank's shares were also listed in Cochin Stock Exchange, but as per exit order granted by SEBI to Cochin Stock Exchange Limited vide, order dated December 23, 2014, the Banks shares are no more listed/traded in Cochin Stock Exchange.

I. Bank's Stock Exchange Code

BSE Scrip Code	: 500469 (Scrip ID: FEDBANK)
NSE Symbol	: FEDERALBNK
LSE Scrip Code	: FEDS
Demat ISIN Code	: INE171A01029

The annual listing fees up to the financial year 2024-25 to BSE and NSE has been paid.

The Bank have paid the custodial fees to the NSDL and CDSL as per the SEBI Circular CIR/MRD/DP/05 2011 dated April 27, 2011, for the year 2024-25.

J. Equity Evolution during the year

As of March 31, 2024, the paid-up share capital of the Bank was ₹ 4,87,07,03,876/- consisting of 2,43,53,51,938 equity shares of ₹ 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/QIP/ Preferential Allotment (Face Value per Share is ₹ 2/-)	
Allotment Date	No. of Shares Allotted
07.04.2023	1,31,875
13.04.2023	1,61,366
26.04.2023	99,306
29.04.2023	97,329
04.05.2023	86,506
11.05.2023	2,75,177
22.05.2023	1,85,018
31.05.2023	1,00,482
06.06.2023	178250
12.06.2023	2,42,768
17.06.2023	1,39,363
27.06.2023	1,17,680
06.07.2023	1,47,955
25.07.2023	23,04,77,634
29.07.2023	3,19,570
07.08.2023	1,47,131
14.08.2023	2,41,846

Allotment of Equity Shares pursuant to exercise of ESOS/QIP/ Preferential Allotment (Face Value per Share is ₹ 2/-)	
Allotment Date	No. of Shares Allotted
21.08.2023	1,03,769
01.09.2023	5,48,029
11.09.2023	3,50,215
19.09.2023	5,44,288
27.09.2023	6,95,952
03.10.2023	5,79,430
11.10.2023	7,26,82,048
25.10.2023	14,79,276
30.10.2023	13,70,391
07.11.2023	13,11,048
13.11.2023	15,44,984
20.11.2023	16,28,936
28.11.2023	2,56,773
02.12.2023	2,35,610
11.12.2023	3,00,040
15.12.2023	2,45,112
22.12.2023	1,58,079
01.01.2024	2,28,440
06.01.2024	1,28,871
19.01.2024	2,58,394
29.01.2024	2,31,686
03.02.2024	1,03,251
12.02.2024	88,699
19.02.2024	1,16,541
26.02.2024	2,18,326
29.02.2024	1,22,155
11.03.2024	1,91,498
21.03.2024	2,79,698

K. Stock Market Data

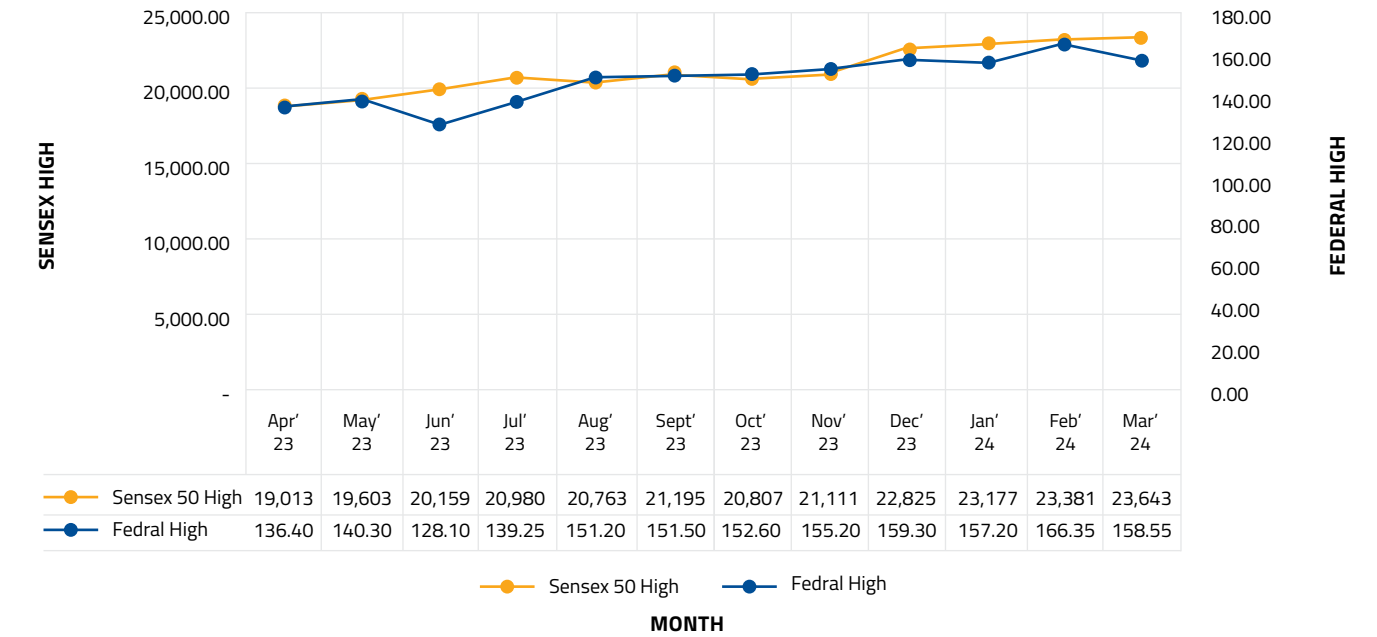
a. Market price data- high, low during each month in the Financial Year 2023-24

Monthly high and low quotations for each month during the Financial Year 2023-24 at the National Stock Exchange of India Limited and the BSE Ltd., are as follows:

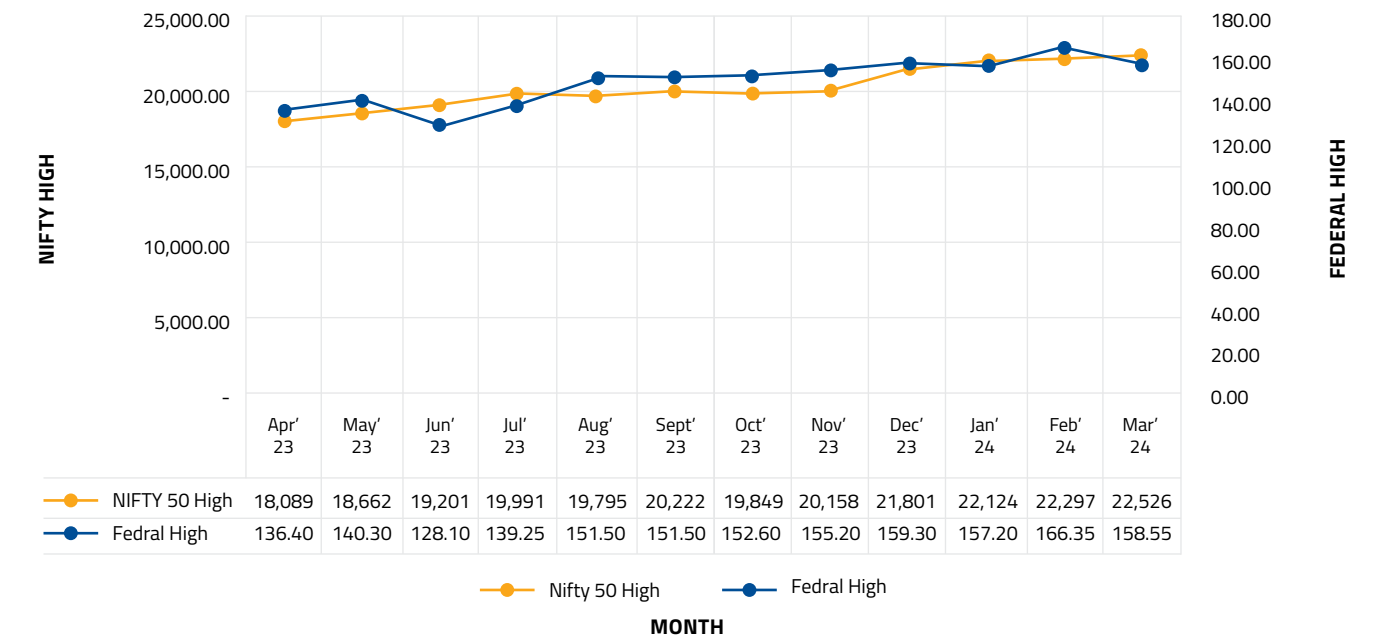
Month	NSE		Month	BSE	
	High	Low		High	Low
Apr '23	136.40	126.00	Apr '23	136.35	126.05
May '23	140.30	122.30	May '23	140.35	122.30
Jun '23	128.10	121.00	Jun '23	128.15	120.90
Jul '23	139.25	126.45	Jul '23	139.00	126.45
Aug '23	151.50	130.50	Aug '23	146.40	130.55
Sep '23	151.50	140.80	Sep '23	151.45	140.85
Oct '23	152.60	137.25	Oct '23	152.55	137.30
Nov '23	155.20	139.65	Nov '23	155.15	139.70
Dec '23	159.30	148.00	Dec '23	159.25	148.05
Jan '24	157.20	139.40	Jan '24	157.75	139.45
Feb '24	166.35	143.35	Feb '24	166.65	143.35
Mar '24	158.55	139.65	Mar '24	158.45	139.80

b. Performance in comparison to broad based indices such as BSE – Sensex and NSE – Nifty 50.

SENSEX HIGH Vs. FEDERAL HIGH



NIFTY HIGH Vs. FEDERAL HIGH



L. Distribution of Shareholding

Details of distribution of shareholding of the equity shares of the Bank by size and by ownership class on March 31, 2024, along with Shareholders holding more than 1% of shares of the Bank is given below:

Shareholding pattern by size as on March 31, 2024

Value	Total number of share holders	% of Shareholders	Total Value (₹)	% of shares
Up to 5000	8,65,585	97.02	28,39,23,458	5.83
5001 - 10000	13,456	1.51	9,73,77,532	2.00
10001 - 20000	7,214	0.81	10,37,60,612	2.13
20001 - 30000	2,298	0.26	5,67,28,152	1.16
30001 - 40000	979	0.11	3,48,35,496	0.72
40001 - 50000	570	0.06	2,59,32,266	0.53
50001 - 100000	1,040	0.12	7,36,66,194	1.51
ABOVE 100001	1,045	0.12	4,19,44,80,166	86.12

Shareholding pattern by ownership as on March 31, 2024

S. No	Category	Shares	% of Shares
1	Alternative Investment FU	21942606	0.9
2	Banks (Nationalised. & Scheduled)	149736	0.01
3	Clearing Member	188346	0.01
4	Corporate Bodies	61373216	2.52
5	Directors	2529275	0.1
6	FI & Insurance Co. (LIC)	79740002	3.27
7	FIs	688837943	28.28
8	GDR	24656664	1.01
9	IEPF	7619221	0.31
10	Insurance – Corporates	139966814	5.75
11	Mutual Funds	840782456	34.52
12	NRI	98778787	4.06
13	Provident / Pension Funds	6033508	0.25
14	Public & FN	462280208	18.98
15	Trusts	473156	0.02
	Total	2435351938	100

Shareholders holding more than 1% as on March 31, 2024

S. No	Name	Shares	%
1	HDFC Trustee Co. Ltd.	166948576	6.86
2	IFC-International Finance Corporation	93617514	3.84
3	Mirae Asset	88921782	3.65
4	LICI New Endowment Plus Secure	79740002	3.27
5	Yusuffali Musaliyam	75200640	3.09
6	Nippon Life India Trustee	63188436	2.59
7	Kotak Mutual Fund	58689202	2.41
8	ICICI Prudential Mutual Fund	56037150	2.3
9	HDFC Life Insurance Company	54182013	2.22
10	SBI Mutual Fund	46822568	1.92
11	IFC Emerging Asia Fund, Lp	41955464	1.72
12	IFC Financial Institutions Growth Fund, Lp	41955464	1.72
13	DSP Mutual Fund	39952056	1.64
14	Rekha Jhunjhunwala	38311060	1.57
15	Kotak Mutual Fund	36090485	1.48

S. No	Name	Shares	%
16	Tata AIA Life Insurance	34109145	1.4
17	Bank Muscat India Fund	33351210	1.37
18	UTI Mutual Fund	32043498	1.32
19	Edelweiss Trusteeship Co Ltd Ac- Edelweiss Mf Ac	31443228	1.29
20	Sundaram Mutual Fund	31159226	1.28
21	Invesco India ESG Equity Fund	31069789	1.28
22	Canara Robeco Mutual Fund	30529252	1.25
23	HSBC Equity Savings Fund	30084500	1.24
24	SBI Life Insurance	29101468	1.19
25	Franklin Templeton	25956649	1.07
26	Aditya Birla Sun Life	25952875	1.07
27	Tata Mutual Fund	25346000	1.04
28	Vanguard Total International Stock Index Fund	24810501	1.02
29	Zerodha Broking	24798512	1.02
30	Deutsche Bank	24656664	1.01
31	Rakesh Jhunjhunwala	24500000	1.01

M. Dematerialization of the Bank's Shares

The Paid-up Equity Shares of the Bank as on March 31, 2024, is 2,43,53,51,938 shares. Out of this 2,43,43,58,263 shares are listed. Of the total paid up equity shares of the Bank, 2,09,96,55,360 shares (86.17%) are held in dematerialized form in NSDL, 32,25,63,098.00 (13.24%) in CDSL and 1,31,33,480.00 (0.54%) are in physical form. Under agreements with National Securities Depository India Ltd (NSDL) and Central Depository Services Ltd (CDSL), the Bank's shares can be and are traded in electronic form. The equity shares of the Bank are frequently traded at BSE Ltd and National Stock Exchange of India Ltd.

N. Registrars and Transfer Agent

SEBI vide Regulation 7 of the SEBI Listing Regulations has mandated that where the total number of security holders of the Company exceeds one lakh, the Company shall register with SEBI as a Category II Share Transfer Agent for all work related to share registry or appoint a Registrar to an Issue and Transfer Agent registered with SEBI. The Bank had appointed Integrated Registry Management Services Private Limited as its RTA for both segments, physical and electronic, much before this was mandated by SEBI.

As required under Regulation 7(3) of the SEBI Listing Regulations, the Bank files, on yearly basis, certificate issued by RTA and compliance officer of the company certifying that all activities in relation to share transfer facility are maintained by RTA registered with SEBI i.e., Integrated Registry Management Services Private Limited.

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
Email: csdstd@integratedindia.in

O. Share Transfer System

The Bank has a Board-level Stakeholders' Relationship Committee to examine and redress investors' complaints. As mandated by SEBI, securities of the Bank can be transferred /traded only in dematerialized form. Further, SEBI vide its circular dated January 25, 2022, mandated that all service requests for issue of duplicate certificate, claim from unclaimed suspense account, renewal/exchange of securities certificate, endorsement, subdivision/splitting/consolidation of certificate, transmission and transposition which were allowed in physical form should be processed in dematerialized form only. Shareholders who hold shares in physical form are advised to convert them into dematerialized mode to avoid the risk of losing shares, fraudulent transactions, and to receive better investor servicing. Only valid transmission or transposition cases that comply with the SEBI guidelines will be processed by the RTA of the Bank.

SEBI vide its Circular SEBI/HO/MIRSD/MIRSD_RTAMB/P/ CIR/2021/655 dated November 3, 2021, read with SEBI Circular SEBI/HO/MIRSD/MIRSD_RTAMB/P/ CIR/2021/687 dated December 14, 2021, and SEBI/HO/ MIRSD/ MIRSD-PoD-1/P/CIR/2023/37 dated March 16, 2023, had mandated investors holding securities in physical mode of listed companies to furnish below details:

- Valid PAN including that of joint shareholders duly linked with Aadhaar
- Nomination
- Postal Address with Pin code, Email id and Mobile Number
- Bank Account details (Bank Name, Branch, Bank Account No, IFSC Code and MICR code)
- Specimen Signature

The necessary forms for the above request are available on the website of the Bank under Shareholders Information

tab and Registrar and Transfer Agent in <https://www.integratedregistry.in/KYCRegister.aspx> tab.

If 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 csdstd@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, 2024, within the prescribed time from the respective date of lodgment. The Bank obtains from a company secretary in practice, yearly certificate of compliance with the share transfer/ transmission or transposition of securities formalities as required under Regulation 40(9) of the SEBI Listing Regulations, and the Bank files a copy of the same with the Stock Exchanges.

Shareholders are advised to refer the latest SEBI guidelines/circulars issued from time to time and keep their KYC details updated all the time.

P. Compliance with Secretarial Standards

The Institute of Company Secretaries of India has mandated compliance with the Secretarial Standards on board meetings and general meetings. During the year under review, the Bank has complied with the applicable Secretarial Standards.

Q. Bank's Registered Office Address

The Federal Bank Ltd, PB No. 103, Federal Towers, Head Office, Aluva – 683 101, Kerala State, India

The Bank has a network of 1504 banking outlets across India as on March 31, 2024.

Address for correspondence:

Contact information of Bank's designated official for assisting and handling of investor grievance	Company Secretary and Compliance officer Secretarial Department The Federal Bank Limited C Wing, 2 nd Floor, Laxmi Towers Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra - 400051 Ph.: 022 - 68778341 Email: secretarial@federalbank.co.in
Registrars and Transfer Agents	Integrated Registry Management Services Private Limited 2 nd Floor, Kences Towers, No.1,Ramakrishna Street, Off: North Usman Road, T.Nagar, Chennai- 600 017. Ph.No: 044-28140801-03 Email : csdstd@integratedindia.in

R. Green Initiative

Sections 20 and 136 of the Act, read with relevant Rules, permit companies to service delivery of documents electronically to the registered email ID of the members.

In compliance with the said provisions and as a continuing endeavour towards the 'Go Green' initiative, the Bank proposes to send all correspondence/communications through email to those shareholders who have registered their email ID with their depository participant's/Bank's RTA. The correspondence/ communications is also available on the website of the Bank at www.federalbank.co.in/shareholder-information.

During FY2024, the Bank sent documents, such as notice convening the Annual General Meeting, Postal Ballot Notice, Audited Financial Statements, Board's Report, Auditors' Report, Credit of Dividend intimation letters, etc., in electronic form to the email addresses provided by the members and made available by them to the Bank through the Depositories and RTA.

CERTIFICATION BY MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER OF THE COMPANY DECLARATION ON CODE OF CONDUCT

In compliance with the requirements of the Regulation 26(3) of 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, 2024.

Place : Aluva
Date : April 01, 2024

Sd/-
Shyam Srinivasan
Managing Director & Chief Executive Officer
The Federal Bank Ltd

CEO/ CFO CERTIFICATE

We, Shyam Srinivasan, 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, 2024, and that to the best of our knowledge and belief:
- these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - 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:
- significant changes in internal control over financial reporting during the year.
 - significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Bank's internal control system over financial reporting.

Sd/-

Venkatraman Venkateswaran

Chief Financial Officer

Sd/-

Shyam Srinivasan

Managing Director & CEO

Place : Aluva

Date : May 02, 2024

Annexure – 1
DETAILS OF OTHER DIRECTORSHIPS HELD AS ON MARCH 31, 2024

Name of the Director	Status	Directorship*	Category	Committee Membership	Committee Chairmanship
		Listed Companies			
		Protean eGov Technologies Limited (formerly NSDL e-Gov Infrastructure Ltd)	Independent Director	Nil	Audit Committee
Mr. A P Hota	Independent Director	Unlisted Public Companies			
		NSE Clearing Limited	Independent Director	Audit Committee	Nil
Mr. Siddhartha Sengupta	Independent Director	Unlisted Public Companies			
		Standard Chartered Investments and Loans (India) Limited	Independent Director	Audit Committee	Nil
		360 One Asset Trustee Limited (formerly IIFL Trustee Limited)	Independent Director	Nil	Audit Committee
		Centrum Financial Services Limited	Independent Director	Nil	Audit Committee
		Legal Entity Identifier India Ltd	Additional Director (Professional Category)	Nil	Nil
		India International Bullion Exchange IFSC Limited	Public Interest Director	Audit Committee	Nil
		Federal Operations and Services Limited	Chairman & Additional Non-Executive Director	Nil	Nil
CA Manoj Fadnis	Independent Director	Listed Companies			
		Kriti Nutrients Limited	Independent Director	Stakeholders Relationship Committee	Audit Committee
		Kriti Industries (India) Limited	Independent Director	Nil	Audit Committee
		Unlisted Public Companies			
		Yes Securities (India) Limited	Independent Director	Nil	Audit Committee
		Kriti Auto & Engineering Plastics Private Limited (wholly owned subsidiary of Kriti Industries (India) Limited)	Independent Director	Nil	Nil
Mr. Sudarshan Sen	Independent Director	Listed Company			
		PNB Housing Finance Limited	Independent Director	Audit Committee	Nil
		Unlisted Public Company			
		Asset Reconstruction Company (India) Limited	Additional Director (Sponsor Director)	Audit Committee	Nil
Ms. Varsha Purandare	Independent Director	Listed Companies			
		Deepak Fertilizers and Petrochemicals Corporation Limited	Independent Director	Nil	Nil
		Orient Cement Limited	Independent Director	Audit Committee	Stakeholders Relationship Committee
		Tata Capital Limited (Only Debt Securities are listed)	Independent Director	Nil	Audit Committee
		Unlisted Public Companies			
		TMF Holdings Limited	Independent Director	Audit Committee	Nil
		TMF Business Services Limited (Formerly known as Tata Motors Finance Limited)	Independent Director	Nil	Audit Committee
		Tata Motors Finance Limited (Formerly known as Tata Motors Finance Solutions Limited)	Independent Director	Audit Committee	Nil
		Tata Play Limited	Independent Director	Nil	Audit Committee
Mr. Sankarshan Basu	Independent Director	Nil	Nil	Nil	Nil
Mr. Ramanand Mundkur	Independent Director	Nil	Nil	Nil	Nil
Mr. Elias George	Independent Director	Nil	Nil	Nil	Nil
Mr. Shyam Srinivasan	Managing Director & Chief Executive Officer	Unlisted Public Companies			
		Ageas Federal Life Insurance Company Ltd	NED	Nil	Nil
		Listed Companies			
		Fedbank Financial Services Limited	NED	Nil	Nil
Ms. Shalini Warriar	Executive Director	Unlisted Public Company			
		Ageas Federal Life Insurance Co. Ltd	NED	Audit Committee	Nil
Mr. Harsh Dugar	Executive Director	Nil	Nil	Nil	Nil

*Directorship in Unlisted Public and Listed Companies are only considered.

*Committee Membership in Audit and Stakeholder Relationship Committee are only considered

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members,
The Federal Bank Limited

We, M Damodaran & Associates LLP, Practicing Company Secretaries, have examined the compliance of conditions of Corporate Governance by **THE FEDERAL BANK LTD** ("the Bank"), for the financial year ended March 31, 2024 as stipulated in regulation 17 to 27 and clauses (b) to (i) and (t) of regulation 46 (2) and Para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ["Listing Regulations"].

Management Responsibility

A. The compliance of conditions of Corporate Governance is the responsibility of the management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Certifier's Responsibility

- B. Our Responsibility and examination was limited to examining the procedures and implementation thereof, adopted by the Bank for ensuring the compliance with the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statement of the Bank.
- C. We have examined the books of accounts and other relevant records and documents maintained by the Bank for the purpose of providing reasonable assurance on the compliance with corporate governance requirements by the Bank and also obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

Opinion

- D. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and Clause (b) to (i) and (t) of Regulation 46(2) and Para C, D and E of Schedule V of the Listing Regulations for the financial year ended March 31, 2024.
- E. We, further state that such compliance is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

For **M DAMODARAN & ASSOCIATES LLP**

Sd/-
M. DAMODARAN
Managing Partner
Membership No.: 5837
COP. No.: 5081
FRN: L2019TN006000
PR 3847/2023
ICSI UDIN: F005837F000904680

Date: August 06, 2024
Place: Chennai

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS
(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members
The Federal Bank Limited
Federal Towers, P B No. 103
Alwaye-683101

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of The Federal Bank Limited having CIN: L65191KL1931PLC000368 having registered office at Federal Towers, P B No. 103, Alwaye, Kerala -683101 (hereinafter referred to as the "Bank"), produced before us by the Bank for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Bank & its officers, we hereby certify that none of the Directors on the Board of the Bank as stated below, for the Financial Year ended on March 31, 2024 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sl. No	Name of the Director	DIN	Initial Date of Appointment in the Bank
1	Mr. Abhaya Prasad Hota	02593219	10-08-2018
2	Mr. Siddhartha Sengupta	08467648	13-06-2019
3	CA Manoj Fadnis	01087055	13-06-2019
4	Mr. Sudarshan Sen	03570051	11-02-2020
5	Ms. Varsha Vasant Purandare	05288076	08-09-2020
6	Mr. Sankarshan Basu	06466594	01-10-2021
7	Mr. Ramanand Mundkur	03498212	01-10-2021
8	Mr. Elias George	00204510	05-09-2023
9	Mr. Shyam Srinivasan	02274773	23-09-2010
10	Ms. Shalini Warriar	08257526	15-01-2020
11	Mr. Harsh Dugar	00832748	23-06-2023

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Bank. Our responsibility is to express an opinion on this based on our verification. While forming opinion on issuance of this certificate we have also taken into consideration independent legal opinion wherever there was a scope for multiple interpretations. This certificate is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

For **M DAMODARAN & ASSOCIATES LLP**

Sd/-
M. DAMODARAN
Managing Partner
Membership No.: 5837
COP. No.: 5081
FRN: L2019TN006000
PR 3847/2023
ICSI UDIN: F005837F000904658

Date: August 06, 2024
Place: Chennai

BUSINESS RESPONSIBILITY & 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	Federal Towers, P B No 103, Aluva, Ernakulam, Kerala, 683101, India
6	E-mail	secretarial@federalbank.co.in
7	Telephone	+91-0484-2630996
8	Website	www.federalbank.co.in
9	Financial year for which reporting is being done	2023-24
10	Name of the Stock Exchange(s) where shares are listed	Equity shares of the 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	₹ 487.07 Crore as on March 31, 2024
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Mr. Padmanabhan T M, Head ESG +91-0484-2634120 Email- esg@federalbank.co.in
13	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	Standalone basis.
14	Name of assurance provider	M/s. Bureau Veritas Industrial Services (India) Pvt Ltd.
15	Type of assurance obtained	For the BRSR report, please note that the parameters marked as "right sign" have been reasonably assured, while the rest of the parameters were subjected to 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%

17. Product/Service 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%

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	1504 [^]	1504
International	Not Applicable	3 [#]	3

[^] No of branches and Extension Counters

[#] This includes IFSC Banking Unit (IBU) in Gujarat International Finance Tec-City (GIFT City) which is considered as overseas branch and two representative offices at Dubai & Abu Dhabi.

19. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	31 (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. The Bank offers a wide range of products and services to retail, micro, small and medium scale enterprises ("MSME"), agricultural and corporate customers through a variety of delivery channels. Bank's principal business activities are divided into five segments, namely Retail banking, SME banking (Business and Commercial Banking), Agricultural banking, Corporate & Institutional Banking and Treasury & other banking operations with a balanced portfolio mix across these segments.

The total number of customers serviced by the Bank as of March 31, 2024, was over 1.82 Crore. During the year Bank added more than 32 Lakh new customers to its fold. Customers in Rural and Semi-Urban branches constitute 74% of Bank's customers. The Bank also has a strong NRI franchise, which enables the Bank to build granular deposits. During the year, Bank added more than 88,000 new NRI customers to the fold.

As of March 31, 2024, retail to wholesale advances ratio stood at 56:44. Bank's advances to Retail (personal) segment accounted for 31%, Agriculture advances accounted for 13%, Business Banking accounted for 8%, Micro Finance & CV/CE accounted for 2% each, Commercial Banking accounted for 10% and Corporate advances accounted for 34% of total gross advances. Bank has given added thrust in building a robust microfinance portfolio which has resulted in a growth of 141% on a YoY basis. Priority Sector lending as a percentage of Adjusted Net Banking Credit (ANBC) stood at 41.09%, a testimony to the Bank's commitment towards inclusive development. Over the years, Bank has built a strong base of distributed clientele, which has helped in building low-cost deposits and has been a source of strength for the liability portfolio. The total deposits in the fiscal year ending March 31, 2024, stood at ₹ 2,52,534 Crore. Total core deposits (Total Deposits excluding deposits from Banks) to total deposits for the year ended March 31, 2024, stood at 98%. A large part of the deposit base is retail which indicates lower concentration risk for the Bank.

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)	14658	8544	58.29	6114	41.71
2. Other than Permanent (E)	554	236	42.60	318	57.40
3. Total employees (D + E)	15212	8780	57.72	6432	42.28

Note: "Employee" defined under Sec 2(l) of the Industrial Relations Code, 2020, includes Officers, Clerical and Sub Staff. To avoid duplication, we have not reported anyone under workers, though Clerical and Sub Staff may also qualify under the definition of worker.

b. Differently abled Employees:

S. No. Particulars	Total (A)	Male		Female	
		No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES					
1. Permanent (D)	12	6	50%	6	50%
2. Other than Permanent (E)	--	--	--	--	--
3. Total differently abled employees (D + E)	12	6	50%	6	50%

21. Participation/Inclusion/Representation of women

Particulars	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	11	2	18.18%
Key Management Personnel	5	1	20.00%

Besides the Chairman, the Board comprises seven Non-Executive Independent Directors including one-woman Independent Director, a Managing Director & CEO and two Executive Directors including one-woman Executive Director.

22. Turnover rate for permanent employees

(Disclose trends for the past 3 years)

	FY 2023-24			FY 2022-23			FY 2021-22		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	5.01	4.89	4.96	7.09	5.21	6.32	6.50	4.90	5.85

Turnover rate of permanent employees based on the exit type:

	FY 2023-24			FY 2022-23		
	Male	Female	Total	Male	Female	Total
Voluntary	2.95	3.53	3.19	3.90	3.54	3.75
Involuntary	2.06	1.36	1.77	3.19	1.67	2.57
Total	5.01	4.89	4.96	7.09	5.21	6.32

Voluntary exit includes resignation, VRS, etc. & Involuntary exit includes dismissal, retirement, or death while in service

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by 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	Wholly owned Subsidiary	100.00%	No
2	Fedbank Financial Services Limited	Subsidiary	61.58%	No
3	Ageas Federal Life Insurance Company Limited	Associate	26.00%	No
4	Equirus Capital Private Limited	Associate	19.59%	No

VI. CSR Details

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) – Yes

(ii) Turnover: ₹ 25,267.53 Crore

(iii) Net worth: ₹29,089.41 Crore

VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 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 redress policy)	FY 2023-24			FY 2022-23		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number 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	7	1	O/s complaint closed on 03rd April 2024 by NSE.	8	0	All complaints resolved
Employees	Yes, the policy is made available on the Bank's intranet and the same is accessible to internal stakeholders.	5	0	Bank has initiated timely measures for an effective redressal of grievances	2	0	Bank has initiated timely measures for an effective redressal of grievances
Customers	Yes	2,60,580	6657#		1,70,278	5,864#	
Value Chain Partners	Yes	-	-	-	-	-	-
Other (please specify)	-	-	-	-	-	-	-

#Outstanding complaints are those received in the month of March. Around 99% of outstanding complaints are related to digital transaction disputes which has specific TAT for resolution.

Stakeholders can reach out to us for any grievance redressal through the following options, based on the nature of grievance:

- <https://www.federalbank.co.in/grievance-redressal>
- <https://www.federalbank.co.in/shareholder-information>
- <https://www.federalbank.co.in/documents/10180/45777/Environmental+and+Social+Management+system+%28ESMS%29+Policy+July.pdf/d8b4df0b-d6c6-9dfc-ff77-8903886bd541?t=1690350626600>
- Link to Policy for redressal of Customer grievance is provided below: <https://www.federalbank.co.in/documents/10180/45777/Policy+for+Redressal+of+Customer+Grievances.pdf/60eb733b-3d5b-40ee-9c7f-6cb2fc1b26ee?t=1695792316493>

26. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

S. 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)
1.	Corporate Governance and Ethics	Risk	Governance-related factors can negatively impact the institution's long-term aspirations and visions, potentially causing stakeholder distrust, regulatory and compliance risks.	The Bank ensures continuous improvement in its governance framework and institutionalizes integrity through robust systems and processes by observing regulatory guidelines and industry best practices. The Bank's governance system ensures that environmental and social factors are properly taken into account for long-term sustainability, which ultimately benefits its stakeholders. The Bank has various committees at the Board level that evaluate the grievances of both internal and external stakeholders. Various management-level and Board-level committees are tasked with ensuring accountability and transparency.	Negative

S. 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)
2.	Economic Performance	Opportunity	It is crucial to maintain both stability and positive momentum in the economic performance. The organization's economic performance is measured by achieving different economic goals. The objective is to achieve profit, customer satisfaction, digital innovations, and efficient & effective utilization of available resources amongst many others. The economic performance indicator assures the business's sustainability and long-term value for its ultimate stakeholders.		Positive
3.	Regulatory Compliance	Risk	Infringing on regulatory obligations can lead to fines and penalties. This could have a negative impact on the reputation and confidence of stakeholders.	Ensuring compliance helps to identify and address the potential risks which can avoid any reputational damage due to fines and penalties. The Bank prioritizes performing the right actions the first time and possesses a strong compliance culture that surpasses regulatory standards. A strong compliance environment has resulted in stability and sustainability. Any negative comments from the regulators are addressed within the required time frame and corrective actions are taken to ensure that such lapses do not occur again	Negative
4.	Digital Leadership	Opportunity	The Bank is at the forefront of its digital innovation to provide a seamless experience to its digital customers. Bank strives to develop new products and services that delight customers and reduce environmental impacts. The Bank is heavily investing in both innovation and enhancing its talent pool.		Positive
5.	Employee Well-being & Development	Opportunity	A number of programs are being offered by the Bank to develop and improve the well-being of its employees. Development and well-being programs are specifically tailored to different employee segments. Mentoring programs for new hires, various programs and workshops for women employees, and SMILES- an employee program that aims to provide professional and personal assistance to employees who are in need are some examples. An exclusive program named Maternity Connect is in place to empower expectant mothers. The Bank's HR initiatives have resulted in increased employee efficiency, reduced attrition rates, and increased capabilities and creativity, all of which have a positive impact on customer experience.		Positive
6.	Customer Privacy & Data Security	Risk	Due to the Bank's increased emphasis on digitalization and the growing dependence of customers on digital modes, it is imperative for the Bank to secure its data and systems against any emerging cybersecurity threats. Bank faces information security risks such as cyber-attacks on its systems via hacking, phishing, and ransomware. This type of risk may result in the disruption of banking services, and the leakage of sensitive internal or customer data, which may lead to various types of risks. In the digital age, Bank is increasingly teaming up with third parties, which can present a variety of security risks.	The Bank employs a multi-layered approach to handle and minimize IT and cybersecurity risks. This involves policies that have been approved by the Board, committees at the Board and Management level to oversee the implementation of IT and Cyber Security systems and processes, and dedicated CISO, among other things. We have implemented layered security controls to prevent cyber-attacks. Controls are put in place to address different aspects of cybersecurity and data privacy risks, such as perimeter security, malware protection, data theft, lateral movements, vendor risks, and so on. A robust disaster recovery mechanism has been put in place by the Bank and they have received certifications from reputed standards like ISO 27001, PCI DSS, etc. The Bank has taken cyber liability insurance coverage to cover losses caused by low-frequency, high-severity cyber security incidents	Negative

S. 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)
7.	Sustainable Finance	Opportunity	Integrating environmental, social, and governance (ESG) factors into financial decisions mobilizes investments for sustainable development. This will help protect the Bank's portfolio from potential E&S risks. Integrating ESG into lending will also help gain stakeholder confidence and align with the national commitments on the UNSDGs and Paris Climate Agreement.		Positive
8.	Fraud Risk Management	Risk	Implementing robust fraud risk management systems safeguards resources, prevents financial losses, and upholds ethical business practices.	Fraud risk is managed by the Bank methodically in line with the robust Fraud Risk Management Policy of the Bank. It covers all significant aspects like various mitigation measures and the surveillance mechanism that complements prevention, detection, investigation and monitoring of both, internal and external frauds. Bank has a fully equipped Transaction Monitoring & Fraud Prevention Department with state-of-the-art monitoring tools working round the clock. The transactions in Core Banking and various online channels are monitored by the Transaction Monitoring team. Specific tools and scenarios are built to take care of risks arising from card transactions, UPI, Fintech platforms and other cyber frauds. Additionally, Bank has an independent Audit team that evaluates the adequacy, completeness, operational effectiveness and efficiency of internal controls, risk management/ governance systems and processes. All activities (including outsourced activities) and all entities (including subsidiary companies) of the Bank fall within the ambit of internal audit.	Negative
9.	Climate Change Risk & Impact	Risk	A pragmatic and far-sighted approach is necessary for both physical and transitional risks posed by climate change. Policy changes, technological advancements and change in customer preference in favour of low-carbon products could have an impact on the bank's portfolio/assets, resulting in financial losses.	The Bank has put restrictions on lending to certain sectors that have a significant impact on the environment, such as coal mining, oil and gas exploration, etc. Bank has also decided to phase out its coal-related subproject exposure by December 2030. The Bank conducts E&S Due Diligence according to evaluate the E&S risks of the proposal before sanctioning it. Bank also has taken cognizance of the actions it needs to take beyond lending decisions to move closer to a low-carbon economy. The following programs aim to reduce the carbon footprint of the Bank: 1. Increased usage of renewable energy through in-house solar power generation 2. Implementation of newer and resource-efficient technologies in the premises 3. Increased rainwater harvesting capacities 4. Green certification for premises 5. Supporting CSR activities that help in either climate mitigation or climate adaptation or carbon sequestration.	Negative
10.	Product Innovation	Opportunity	The Bank recognizes the need to develop and deliver cutting-edge Financial products and services to a broad range of customers. The introduction of new products leads to competitiveness, addresses market needs, and enables sustainable consumption and production.		Positive
11.	Transparency & fair Disclosure	Opportunity	Key disclosures on the Bank's strategy and performance on various important parameters increase the level of confidence for both internal and external stakeholders. Being transparent and prompt in disclosures will enhance the relationship with stakeholders.		Positive
12.	Customer Satisfaction	Opportunity	Our Bank's success hinges on our customers, who are of utmost importance. Satisfied customers can create long-term relationships, build trust, get referrals, and help the Bank succeed in a competitive market.		Positive

S. 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)
13.	GHG Emission Management	Risk	Climate change risks are increasingly being manifested in the banking industry as physical and transitional risks. If these risks are not properly managed, they could have a negative impact on operations and profitability. Climate change-induced extreme weather events pose a threat to the Bank's operations and the safety and well-being of its employees.	<p>The Bank has initiated the measurement of GHG emissions in some of its operational activities and is planning to gradually increase the scope of measurement. The Bank has an executive-level ESG committee that oversees the progress on a quarterly basis. After the completion of the baseline assessment, the Bank's objective is to identify initiatives and develop a roadmap to reduce GHG emissions and attain a zero-emission roadmap for its operations. The Bank is also planning to measure its financed emissions sequentially.</p> <p>Bank also has taken cognizance of the actions it needs to take beyond lending decisions to move closer to a low-carbon economy.</p> <p>The following programs aim to reduce the carbon footprint of the Bank:</p> <ol style="list-style-type: none"> 1. Increased usage of renewable energy through in-house solar power generation 2. Implementation of newer and resource-efficient technologies in the premises 3. Green certification for premises 	Negative

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements. The nine NGRBC Principles are given below:

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1.(a) Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
(b) Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
(c) Web Link of the Policies, if available	<p>Principle-1</p> <ul style="list-style-type: none"> Policy on combating financial crime Anti-Bribery and Anti-Corruption Policy Policy for determination of material subsidiary of events/ information for disclosure to the stock exchanges Policy on related party transactions Code of conduct and code of ethics for the board of directors and management Tax Policy <p>Principle-2</p> <ul style="list-style-type: none"> Environmental and Social Management system (ESMS) Policy Supplier code of conduct ESG Policy <p>Principle-3</p> <ul style="list-style-type: none"> Diversity, equity and inclusion policy Protected Disclosure Scheme (PDS) / Whistle Blower policy ESG Policy <p>Principle-4</p> <ul style="list-style-type: none"> Corporate Social Responsibility Policy Policy on combating financial crime Settlement of claims Customer Compensation Policy Policy on lending to MSME Policy for resolution of loans of Individuals and Small Businesses Code of Bank's Commitment to Micro and Small Enterprises (MSE 2015) 								

	<p>Principle-5</p> <ul style="list-style-type: none"> Policy on Doorstep Banking services for Senior Citizens and differently abled person Supplier code of conduct Environmental and Social Management system (ESMS) Policy ESG Policy Policy on Customer Service <p>Principle-6</p> <ul style="list-style-type: none"> Environmental and Social Management system (ESMS) Policy Supplier code of conduct ESG Policy Corporate Social Responsibility Policy <p>Principle-7</p> <ul style="list-style-type: none"> ESG Policy Code of conduct and code of ethics for the board of directors and management <p>Principle-8</p> <ul style="list-style-type: none"> Policy on Doorstep Banking services for Senior Citizens and differently abled person Corporate Social Responsibility Policy ESG Policy <p>Principle-9</p> <ul style="list-style-type: none"> Policy on combating financial crime Customer Compensation Policy Policy for Redressal of Customer Grievances Customer Rights Policy Policy on Customer Protection - Limiting Liability of Customers in Unauthorized Electronic Banking Transaction (to be read in conjunction with the Customer Compensation policy and Customer Grievance Redressal policy) Code of Bank's Commitment to Customers
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes.
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes. ESG policy of the Bank covers the key aspects to be complied with by relevant value chain partners.
4. Name of the national and international codes/ certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	<ul style="list-style-type: none"> Bank has adopted International Finance Corporation (IFC) Performance Standards for its E&S due diligence of borrowers. Bank has ISO 22301 certification for its Business Continuity Management System (BCMS). Bank has implemented the ISO 27001:2013 standards on Information Security Management Systems (ISMS) for the protection of the systems and information of the Bank. Bank has achieved compliance with PCI DSS standards for the card ecosystem.
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	<ul style="list-style-type: none"> Bank has committed not to do fresh lending to certain sectors which has significant E&S risks as detailed in the ESMS policy. Bank has committed to reducing its coal-related sub-project exposure to 50% by December 2025 (against the baseline of March 2021) and NIL by December 2030. Bank intends to grow its green portfolio to ₹ 13,000 Crore by December 2025. 500KW of in-house solar power generation capacity by March 2025. Reach One Lakh litre of water conservation capacity by March 2025. Finance at least 10.00L women entrepreneurs through BC Channel by March 2028. At least 10% of 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.	<ul style="list-style-type: none"> Fresh loans to exclusion list activities are restricted as per the ESMS framework Coal-related sub-project exposures as on March 31, 2024, stood at 0.33% of gross advances. (March 2021 baseline is 3.49% of the gross advances). Bank's green lending portfolio is at ₹ 6,962 Crore as on March 31, 2024. Bank has added 80KW rooftop solar capacity during the year. The Bank has 380KW of solar power generation capacity as of March 31, 2024. Bank has added a storage capacity of 34,500 litres for rainwater harvesting during the year. The Bank has 1,18,500 litre capacity of rainwater harvesting units in its various offices as of March 31, 2024. 8.81L Women entrepreneurs financed through the BC channel as of March 2024. Six of our premises are Green Certified during the financial year. Bank's present gender diversity ratio is 42.28%

Governance, leadership and oversight

<p>7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements</p>	<p>Statement by Sudarshan Sen, Chairman of Risk Management Committee of the Board:</p> <p>Federal Bank has identified sustainability as one of the pillars of the Bank's core values framework – CARES . We strive to achieve operational excellence and enhance sustainability in all facets of our business activities. The sustainability agenda is driven by the Board of Directors and closely monitored by the Risk Management Committee of the Board (RMC). On the recommendation of the RMC, the Board has incorporated climate risk into the overall risk appetite framework of the Bank. The Board has also put in place suitable policies to guide the actions of the Bank in promoting sustainability.</p> <p>The Bank's vision is to be recognized as one of the most admired banking institutions in the country. We endeavour to achieve this by embracing a powerful proposition that emphasizes 'Digital at the Fore, Human at the Core'. We have deeply embedded sustainability in our internal operations through a robust governance framework, and by exhibiting strong risk management practices. The Bank has made several commitments on sustainability related aspects. We are one of the first banks in the country to commit to phase out coal related exposures and build a green lending book. The Bank continues to take many initiatives to reduce its carbon footprint. These include</p> <ul style="list-style-type: none"> greening our own operations by using energy-efficient devices, increasing solar power usage, conserving water, paperless banking, etc.; enhanced due diligence in lending to sectors having potentially adverse climate impact; an exclusion list of activities which the Bank may not finance; designing green products and offerings to customers; increasing the share of loans to green projects. <p>The Board closely monitors the execution of all these initiatives and commitments. The Bank communicates its performance against these commitments to external stakeholders periodically through its investor presentations and annual report.</p> <p>Our continued efforts to fortify the sustainability practices in our day-to-day banking have earned recognitions from multiple external agencies as given below:</p> <ul style="list-style-type: none"> Recognized as 'ESG Champions of India 2024' in the Commercial Banks sector at the Dun & Bradstreet ESG Leadership Summit 2024. Honoured with 'Amity Banking Excellence for Sustainable Banking'. The International Finance Corporation has named Federal Bank among the top financial institutions for climate reporting in 2023. Ranked the 1st Runner-Up in the 'Diversity & Inclusion Excellence Award' in the category of 'Best Employer for Women' (In Large Category) from The Associated Chambers Of Commerce And Industry Of India (ASSOCHAM) Won the Kerala Management Association CSR Award 2024 in Environment Sector as a part of the KMA Sustainability Summit and Awards 2024 Recognised as a 'Great Place to Work' in a study conducted by the Great Place to Work Institute <p>The sustainability landscape, including its regulatory framework, is constantly evolving and changing. The Bank communicates its ESG performance through both national and international reporting frameworks such as the Business Responsibility and Sustainability Report since FY 2022 and the Global Reporting Initiative since 2023. We have integrated the financial reporting and non-financial reporting duly aligning with the principles and guidelines of the International Integrated Reporting Council's Integrated Reporting framework. We have also obtained an external assurance for our BRSR report.</p> <p>We, at Federal Bank, remain committed to wholeheartedly participating in the country's journey towards meeting various Nationally Determined Commitments (NDC) against the UNSDGs and its Net Zero commitments. We strongly believe that newer opportunities lie ahead for all sections of the society to be part of India's sustainable growth story. We strive through our various ESG initiatives to make a positive impact on our stakeholders. This, we believe, is an integral part of our journey towards becoming one of the most admired banks.</p>
<p>8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).</p>	<p>Name: Damodaran C Designation: Chief Risk officer</p>
<p>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.</p>	<p>Yes. The Risk Management Committee (RMC) of the Board oversees Environmental, Social and Governance (ESG) aspects in both its own operations and lending operations. All the policies related to ESG/ESMS are approved by the Board. The risks associated with the lending operation are duly factored under ESMS policy and ESG Policy assesses the organization's business practices and performance on various sustainability and ethical issues. Bank is also having an executive-level E&S committee headed by MD&CEO which oversees both ESG and ESMS aspects and reports to RMC of the Board.</p>

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. The 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 the 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 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 Principles material to its business (Yes/No)									
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	Not Applicable								
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

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	18	Principle 1, 2, 3, 4, 6, 7 and 8	100%
Key Managerial Personnel	19	Principle 1, 2, 3, 4, 6, 7 and 8	100%
Employees other than BoD and MPs	357	All the 9 principles	90.63%

Details of familiarisation Programmes provided for Independent Directors of the Bank during FY 2023-24 can be accessed from our website: <https://www.federalbank.co.in/documents/10180/816529059/Familiarisation+Program+for+Directors+of+the+Bank-FY+2023-24.pdf/c3688603-6f92-b023-3dd4-0c957d59b097?t=1717222326260>

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount in 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 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	Principle-1 RBI	₹ 0.3 Crore	Reserve Bank of India (RBI) has, by an order dated October 30, 2023, and press release dated November 03, 2023, imposed a monetary penalty of ₹ 30 Lakh (Rupees Thirty lakh only) on the Bank for non-compliance with certain directions contained in 'Reserve Bank of India (Know Your Customer (KYC) Directions, 2016': https://www.bseindia.com/xml-data/corpfiling/AttachHis/8d6f5773-ee8c-49b7-9a49-af7f6ed12d0d.pdf	No
Penalty/ Fine	Principle-1 Maharashtra Goods & Services Tax (GST) Department	₹ 0.06 Crore	<ul style="list-style-type: none"> Claiming of Input Tax Credit (ITC) from vendors who have not filed GSTR 3B & from those suppliers whose GST registration was cancelled. Mismatch in ITC register and GSTR 2A. https://www.bseindia.com/xml-data/corpfiling/AttachHis/3ca50dc4-2cc8-44c6-87aa-900b276a3e6a.pdf 	Yes
Settlement	No such incidents during the FY 2023-24			
Compounding fee	No such incidents during the FY 2023-24			

Non-Monetary			
NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	No such incidents during the FY 2023-24		
Punishment	No such incidents during the FY 2023-24		

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
<ul style="list-style-type: none"> Claiming of ITC from vendors who have not filed GSTR 3B & from those suppliers whose GST registration was cancelled. Mismatch in ITC register and GSTR 2A. <p>Bank will be filing the appeal against the order stating that the report for verifying the GSTR 2A for identifying the mismatch details & to check the 3B filing status of the vendors were not available during the FY 2018-19.</p>	Maharashtra Goods & Services Tax (GST) Department

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.

Yes, the Bank has a comprehensive Anti-Bribery and Corruption policy which establishes comprehensive, consistent and effective standards that are to be adhered to in the conduct of Bank's day-to-day operations.

The policy can be accessed through the following link:

<https://www.federalbank.co.in/documents/10180/45777/Policy+on+Anti++Bribery+and+Corruption+%28ABC%29.pdf/10c35a9d-7265-7791-6bd6-d165e648f34a?t=1672122690405>

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption

	FY 2023-24	FY 2022-23
Directors		
KMPs		
Employees		
Workers		


6. Details of complaints with regard to conflict of interest:

	FY 2023-24	FY 2022-23
Number of complaints received in relation to issues of conflict of interest of directors		
Number of complaints received in relation to issues of conflict of interest of KMPs	NIL	

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.


Following corrective action was taken on the issues related to fines/penalties:

- Enhancement of the system controls to completely disallow the change of name in the Purchaser Name in the Demand Draft and automatically incorporate the account holder name in all cases of DD purchases for amounts of ₹ 50,000 or more.
- Enhanced training and sensitisation to the frontline and controller staff on compliance and risk themes, with a special focus on money laundering risks and red flag management.

8. Number of days of accounts payables ((Accounts payable *365)/ Cost of goods/ services procured) in the following format: (BRSR Core indicator )

	FY 2023-24	FY 2022-23
Number of days of account payable	28.00	27.00

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: (BRSR Core indicator )

Parameter	Metrics	FY 2023-24	FY 2022-23
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	Not Applicable	
	b. Number of trading houses where purchases are made from		
	c. Purchases from top 10 trading houses as % of total purchases from trading houses		
Concentration of Sales	a. Sales to dealers / 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 dealers / distributors		
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases)	0.97%	0.93%
	b. Sales (Sales to related parties / Total Sales)	1.06%	0.99%
	c. Loans & advances (Loans & advances given to related parties /Total loans & advances)	0.57%	0.32%
	d. Investments (Investments in related parties/Total Investments made)	1.49%	1.88%

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
Two	Cyber Security Awareness*	-

*All employees of the vendors who are stationed at our premises and have access to the Bank's systems or networks are provided with the training.

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same.

Yes, the Code of Corporate Governance and Code of Conduct for the Board of Directors and Management covers processes to avoid/manage conflict of interests. The Code can be accessed through the following link:

<https://www.federalbank.co.in/documents/10180/816529059/FINAL+CG+CODE+FY24.pdf/8ec158ef-e145-76e8-642b-26e23f6ccb66?t=1713416946738>

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.

<https://www.federalbank.co.in/documents/10180/45777/Policy+on+Related+Party+Transactions.pdf/29f5964d-5065-4e5d-81b0-e9b456caa290?t=1711859001832>.

During FY 2023-24, the 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 the Bank and these parties, other than transactions entered into in the ordinary course of its business.

All the members of the Board of Directors and Senior Management Personnel of the Bank have affirmed compliance with the said Codes as applicable to them for FY2024.

PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE

Essential Indicators

- Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	FY 2023-24	FY 2022-23	Details of improvements in environmental and social impacts
R&D	Not Applicable	Not Applicable	Considering the nature of our operation as a financial service provider, the R&D outlay is NIL.
Capex*	7.83%	3.64%	Roof top solar installation, rainwater harvesting and purchase of energy-efficient equipment

*Note: The figures including previous year's figures have been worked out regrouped/reclassified based on the Integrated guide to BRSR (Applicable to Corporate & Retail banking), issued by NSE.

- (a) Does the entity have procedures in place for sustainable sourcing? (Yes/No)?

Yes.

The Bank has formulated a supplier code of conduct that requires suppliers to adhere to laws related to human rights, labor, health and safety, sustainability, environment, and ethics. The Bank has a board-approved Sustainable Procurement Policy, which guides all procurement decisions and processes.

- (b) If yes, what percentage of inputs were sourced sustainably?

Currently, the Bank does not capture the details of vendors who are certified under various environmental standards. Sustainable procurement policy ensures that we procure goods and services that are environmentally and socially sustainable. As we progress in our ESG journey, we will make efforts to capture data on sustainable suppliers.

- 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

The Bank has a centralized and robust E-waste management system that helps to identify the E-waste generated at its branches/Offices and the same is handed over to an authorized E-waste management company as required under E-Waste (Management) Rules, 2022.

As a financial service provider, we provide products and services that have minimal usage of plastic, E-Waste and other waste. The major share of plastic waste generated by our offices are plastic pouches used for safe keeping of gold ornaments pledged with us.

The plastic and paper waste generated by the branches/Offices are disposed of through local arrangements with respective Corporations/ Municipals/ Panchayats.

- Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Extended Producer Responsibility (EPR) is not applicable to the entity's activities.

Leadership Indicators

- Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)?

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 the Bank's products and services.					

- 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 the Bank's products and services.		

- 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 2023-24	FY 2022-23
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		

- 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 2023-24			FY 2022-23		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	The Leadership Indicator is Not Applicable considering our nature of operations.					
E-waste						
Hazardous waste						
Other waste						

- 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: BUSINESSES SHOULD RESPECT AND PROMOTE THE WELL-BEING OF ALL EMPLOYEES, INCLUDING THOSE IN THEIR VALUE CHAINS.

Essential Indicators

- (a) Details of measures for the well-being of employees:

Category	Total (A)	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	8,544	8,544	100	8,544	100	-	-	8,544	100	1675	19.60
Female	6,114	6,114	100	6,114	100	6,114	100	-	-	963	15.75
Total	14,658	14,658	100	14,658	100	6,114	41.71	8,544	58.29	2638	18.00
Other than Permanent Employees											
Male	236	46	19.49	234	99.15	-	-	-	-	-	-
Female	318	13	4.09	318	100	318	100	-	-	-	-
Total	554	59	10.65	552	99.64	318	57.40	-	-	-	-

(b) Spending on measures towards well-being of employees (including permanent and other than permanent) in the following format: (BRSR Core indicator)

	FY 2023-24	FY 2022-23
Cost incurred on well-being measures as a % of total revenue of the company	0.39%	0.43%

2. Details of retirement benefits, for Current FY and Previous Financial Year

Benefits	FY 2023-24		FY 2022-23	
	No. of employees covered as a % of total employees	Deducted and deposited with the authority, (Y/N/N.A.)*	No. of employees covered as a % of total employees	Deducted and deposited with the authority (Y/N/N.A.)
PF/Pension/NPS	96.36	Y	97.40	Y
Gratuity	96.36	Y	97.39	Y
ESI	NA	NA	NA	NA
Others- Leave Encashment	96.36	NA	97.39	NA

* 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 and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Branch/ offices are generally designed and provided for easy access to differently abled employees. The employees with differently-abled needs are posted in branches/ offices that have the required facilities.

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. The policy 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	Retention rate
Male	100.00	98.65
Female	99.30	95.66
Total	99.70	97.29

6. Is there a mechanism available to receive and redress grievances for the following categories of employees? If yes, give details of the mechanism in brief.

	Yes/ No (If yes, then give details of the mechanism in brief)
Permanent employees	Yes, Employees can raise their workplace grievances to Employee Grievance Redressal Forum that comprises of the two Senior executives of the Bank and one external expert. The grievance can be raised via email to the dedicated email ID available on the Bank's intranet and freely accessible to all employees.
Other than permanent employees	Yes, Employees can raise their workplace grievances to Employee Grievance Redressal Forum that comprises of the two Senior executives of the Bank and one external expert. The grievance can be raised via email to the dedicated email ID available on the Bank's intranet and freely accessible to all employees.

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2023-24			FY 2022-23		
	Total employees in respective category (A)	No of employees in respective category who are part of associations or Union (B)	% (B/A)	Total employees in respective category (C)	No of employees in respective category who are part of associations or Union (D)	% (D/C)
Total Permanent Employees	14,658	9,685	66.07	13,106	10,137	77.35
Male	8,544	5,423	63.47	7,730	5,700	73.74
Female	6,114	4,262	69.71	5,376	4,437	82.53

8. Details of training given to employees:

Category	FY 2023-24					FY 2022-23				
	Total (A)	On health and safety measures		On skill upgradation		Total (D)	On health and safety measures		On skill upgradation	
		No (B)	% (B/A)	No (C)	% (C/A)		No (E)	% (E/D)	No (F)	% (F/D)
Employees										
Male	8,780	7,915	90.15	8,037	91.54	7,891	6,821	86.44	7,018	88.94
Female	6,432	5,773	89.75	5,802	90.21	5,566	4,887	87.80	4,979	89.45
Total	15,212	13,688	89.98	13,839	90.97	13,457	11,708	87.00	11,997	89.15

9. Details of performance and career development reviews of employees:

Category	FY 2023-24			FY 2022-23		
	Total (A)	No (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	8,780	8,439	96.12	7,891	7,874	99.78
Female	6,432	6,046	94.00	5,566	5,525	99.26
Total	15,212	14,485	95.22	13,457	13,399	99.57

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

Yes. Considering the nature of the business, occupational health and safety risks are quite limited. While the Bank is developing an exhaustive Occupational Health and Safety Management System, many steps have been taken for improvement of workplace safety and the elimination of possible workplace injury and illness. The Bank has adopted a Business Continuity Management System accredited through ISO 22301. Detailed SOPs are issued on the Dos and Don'ts to ensure the safety and wellbeing of all its employees. The steps taken by the Bank in this regard are:

- Periodic training on fire safety, firefighting and evacuation.
- Periodic training on handling medical emergencies, in partnership with reputed hospitals.
- Nomination of an Emergency Response Team for each location.
- Deployment of access control measures and physical guarding as per risk assessment.
- Periodic communications to employees for creating awareness on OHS aspects.
- Advisories regarding adverse weather situations and action to be taken to safeguard own life and assets.
- Regular conduct of Fire and evacuation drills at all locations.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Though work-related hazards are minimal considering the nature of business, the Bank has put in place risk mitigation measures which include –

- Access control systems for administrative offices and highly secure facilities.
- CCTV linked to a Central Remote Monitoring Centre which carries out e-surveillance 24x7.
- Physical Security.
- Fire alarm system consisting of smoke and heat detectors and alert mechanism.

The Bank has SLAs in place with all vendors to ensure regular preventive maintenance and health check-up. In addition, the Bank has nominated employees comprising the Emergency Response Team (ERT) for each location who are responsible for reporting work-related hazards, if any. Advisories on various safety related aspects including weather warnings are issued from time to time.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Not Applicable

d. Do the employees of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes. 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: (BRSR Core indicator)

Safety Incident/Number	Category	FY 2023-24	FY 2022-23
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0.029	Nil
Total recordable work-related injuries	Employees	1	Nil
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 constantly works on improving its policies and processes to ensure a safe and healthy workplace for its employees. Bank organised preventive wellness programs/campaigns/webinars through tie-ups with Hospitals and other organizations. Bank also reimburses the cost of Annual Health Check-ups for employees and their spouses above 40 years.

In order to take care of the stress-related issues; Bank continued with the facilities of SMILES, the employee counselling program. Doctor e-consultation is facilitated for employees and their families.

The Bank has adopted the Business Continuity Management System under the framework of ISO 22301 and has taken a number of measures as part of its risk mitigation strategy. Periodic internal communication and alerts are sent out to employees and awareness sessions are conducted on safety-related aspects. Wherever applicable, employees are designated as Floor Marshals and are given training on fire safety and evacuation drills. Mock drills are conducted periodically in various large premises to ensure the maintenance of safety standards. Crisis Management Teams are in place at Head Office and all Zonal Offices. Bank has also authorized Zonal leaders to make quick decisions on matters in their locality, depending on the local requirements/ adhering to the local guidelines and within the overall framework put in place.

13. Number of Complaints on the following made by employees:

Category	FY 2023-24			FY 2022-23		
	Filled During the year	Pending resolution at the end of the year	Remarks	Filled During the year	Pending resolution at the end of the year	Remarks
Working Conditions	NIL					
Health & Safety						

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	We carry out electrical safety inspections of all our premises through professional third-party agencies once every two years. During the past two years, the Bank has conducted electrical inspections at 1322 locations. Corrective actions in the form of rectification works are performed on the premises whenever required.
Working Conditions	-

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions

There were no major work and safety-related incidents reported during the fiscal. Bank has ensured a safe working atmosphere for all its employees and safety of the employees is paramount to the Bank.

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 Employee).

“Diya” is an initiative to cater to the immediate financial needs of the family grieved by the unfortunate loss of the employee. In the event of an untimely demise, a nominal contribution from every serving employee along with a contribution from the Bank will be pooled and handed over to the bereaved family.

A Group Personal Accident Insurance is in place to provide accident death insurance coverage to all employees of the Bank. The premium of the policy is borne by the Bank and the dependents are paid the sum assured on the unfortunate death of an employee in an accident while in service.

Additionally, the Compassionate Payment Scheme provides ad hoc payment of a fixed amount to the family in case of death while in service. It is intended to give immediate relief to the family of the deceased in meeting the funeral and other related expenses.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Bank ensures that statutory dues applicable to the transactions within the remit of the Bank are deducted and deposited in accordance with extant regulations. The Bank also sets clear expectations with vendors and suppliers through its Supplier Code of Conduct documents. Preferences are given for the Suppliers who comply with the Supplier Code of Conduct over other firms with similar competence.

3. Provide the number of employees having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees		No. of employees that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23
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.

5. Details on assessment of value chain partners:

	% of value chains partners (by value of business done with such partners that were assessed up)
Health and safety	Vendor onboarding is mandatory in case of all vendors engaged by the Bank. Assessment of the ESG preparedness of the Vendor is done (at the time of vendor onboarding) along with Risk/Materiality assessment and vendor due diligence based on the internal policy guidelines. Bank follows a scoring-based method for Risk/Materiality/ESG assessments to decide whether a vendor is suitable or not.
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 our value chain partners.

PRINCIPLE 4: BUSINESSES 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.

Bank follows a structured process for identification and prioritisation of stakeholder groups. The Bank’s policy on the Code of Corporate Governance and the Code of Conduct for the Board of Directors and Management has identified six key stakeholder groups as given below. The Code also guides the process to balance the interests of the identified stakeholder groups in all strategic decision-making processes and timely respond to their concerns, if any.

- a. Shareholders & Investors
- b. Customers
- c. Vendors & Service Providers
- d. Employee
- e. Ecosystem & Society
- f. Government & Regulatory Bodies

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, 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	<ul style="list-style-type: none"> ■ Investors meets ■ Analyst meets/ Earnings calls ■ General meetings/ Postal Ballot ■ Stock Exchange filings ■ Media- Print and digital ■ Email to stakeholders ■ Website publications/ announcements 	Frequent, Need-based, Quarterly and Annually	To update on developments, business activity, new initiatives, schemes, Quarterly & Annual audited results, Annual Reports, Investors presentations.
Employee	No	<ul style="list-style-type: none"> ■ Town Hall meet ■ Branch visits ■ Quarterly calls by top management ■ Employee engagement platform ■ Circulars and emails communications ■ Training programme 	Frequent and need based	To exchange ideas and suggestions, provide merit based opportunity for professional growth and to create an inclusive workplace
Customers	No	<ul style="list-style-type: none"> ■ Customer visits & meets ■ Social Media/ digital Communications ■ Customer surveys ■ Customer care channels ■ Website publishing 	Frequent and need based	Business-related discussions, product and service awareness, safe banking practices, and grievance redressal.
Government & Regulatory Bodies	No	<ul style="list-style-type: none"> ■ Various Inspections by the regulators ■ Submission of periodical reports/ returns ■ Meetings- Physical and Digital ■ Stock Exchange filings 	Frequent and need based	Discussions regarding various regulations and amendments, policies and processes. Corporate Governance and Compliance standards.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, 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
Ecosystem, and Society	Yes	<ul style="list-style-type: none"> ■ Meeting various communities/ vulnerable groups through CSR initiatives ■ Improving ecosystems through various CSR activities ■ Meeting with associations/ NGOs 	Need-based	Support CSR projects, Financial inclusion and other relevant matters affecting the communities.
Vendors, and Service Providers	No	<ul style="list-style-type: none"> ■ Assessment of suppliers and vendors ■ Email communication and calls ■ Project review meeting 	Frequent and need based	Business related discussions, Techno-commercial discussions, grievance redressal.

Leadership Indicators:

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The consultation with different stakeholders happens at different levels from branches/ offices and departments to Senior Management. For example, Customer Service Committee is held in all branches at periodic intervals. Customers can share their opinions, comments, feedback, concerns etc in such committees. The outcome of such meetings is consolidated centrally at the corporate level. An executive-level ‘Standing Committee on Customer Service’ ensures implementation of various initiatives/ guidelines related to customer service. Board level ‘Customer Service, Marketing Strategy and Digital Banking Committee’ of the Board review, on an overall basis, the customer service aspects in the Bank and report 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.

The table below details the Board level and Executive level authorities who has specific KPIs related to engagement with the key stakeholders.

Key Stakeholder	Board Level Committee	Key Functional Department/ Authority
Shareholders & Investors	■ Stakeholders Relationship Committee	■ Secretarial Department
	■ Credit, Investment & Raising Capital Committee	■ Investor Relations
Customers	■ Customer Service, Marketing Strategy and Digital Banking Committee	■ Service Quality Department
	■ Review Committee of the Board on Non- Cooperative Borrowers and Identification of Wilful Defaulters	■ Business Departments
	■ Special Committee of the Board for monitoring and follow up of cases of frauds	■ Loan Collection & Recovery Dept
	■ Credit, Investment & Raising Capital Committee	■ Credit Monitoring Department
Employees	■ Human Resources Committee of the Board	■ Vigilance Dept
	■ Nomination, Remuneration, Ethics and Compensation Committee	■ LCH/ CIB/ LCRD
Government and regulatory bodies	■ Risk Management Committee	■ HR Department
	■ Audit Committee	■ Compliance Department
	■ Nomination, Remuneration, Ethics and Compensation Committee	■ Internal Audit
Vendors, Suppliers and Service Providers	■ Information Technology & Operations Committee	■ Integrated Risk Management Department
	■ Risk Management Committee	■ HR Dept.
	■ Audit Committee	■ Service Provider Review Committee
		■ Various Project Steering Committees
Ecosystem & Society	■ Corporate Social Responsibility Committee	■ Corporate Services Department
	■ Stakeholders Relationship Committee	■ Information Technology Department
	■ Risk Management Committee	■ CSR Department
		■ ESG 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, inputs provided by various stakeholders are being incorporated into various policies and processes wherever it is material to the Bank. Any changes, be it in terms of regulatory guidelines, industry best practices, market feedback etc are factored in the annual policy review process along with the rationale for such changes proposed.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups

Our mantra is to be the 'Most Admired Bank' by catering to the needs of various segments of society. With the motto of 'extending credit where credit is due', we have always prioritised Financial Inclusion, especially upliftment and empowerment of women by facilitating financial emancipation through financial education, credit counselling, provision of credit for establishment of sustainable livelihood through various initiatives driven through both Branch and Business Correspondent (BC) channels. We understand that a greater emphasis on women-oriented projects and the availability of means to ensure a secure future goes a long way in ensuring that the core value of our Bank, our belief in holistic development and our legacy are carried forward.

Bank has a network of twenty Corporate Business Correspondents tie-ups across selected geographies, exclusively for sourcing and servicing Microlending offerings to women customers. Bank has financed 8.81 Lakh women customers as of March 2024 through these Business Correspondent tie-ups.

PRINCIPLE 5: BUSINESSES 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 2023-24			FY 2022-23		
	Total (A)	No. of employees covered (B)	% (B/A)	Total (C)	No. of employees covered (D)	% (D/C)
EMPLOYEES						
Permanent	14,658	8,997	61.38	13,106	7,959	60.73
Other than Permanent	554	-	-	351	-	-
Total Employees	15,212	8,997	59.14	13,457	7,959	59.14

2. Details of minimum wages paid to employees and workers, in the following format

Category	FY 2023-24					FY 2022-23				
	Total (A)	Equal to min wage		More than min wage		Total (D)	Equal to min wage		More than min wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent	14,658	0	0	14,658	100	13,106	0	0	13,106	100
Male	8,544	0	0	8,544	100	7,730	0	0	7,730	100
Female	6,114	0	0	6,114	100	5,376	0	0	5,376	100
Other than permanent	554	0	0	554	100	351	0	0	351	100
Male	236	0	0	236	100	161	0	0	161	100
Female	318	0	0	318	100	190	0	0	190	100


3. Details of remuneration/salary/wages

- a. Median remuneration / wages

	Male		Female	
	No.	Median remuneration/ salary/ wages of respective category	No.	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD) (Whole-time directors) *	2	8619680.00	1	12762400.00
Key Managerial Personnel (Other than BoD)	2	9275260.28	0	0
Employees (other than BoD and KMP)	8776	1101816.66	6431	1025631.80

*Mr. Ashutosh Khajuria ceased from the services of the Bank as Executive Director upon completion of his term of office from end of the date, April 30, 2023 and Mr. Harsh Dugar was appointed as Executive Director w.e.f. 23/06/2023. The remuneration considered above includes the actual amount paid in the capacity of Executive Directors.

Note: The 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: (BRSR Core indicator )

	FY 2023-24	FY 2022-23
Gross wages paid to females as % of total wages	37.89%	37.41%

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. MD & CEO oversees addressing the human rights impacts or issues. In addition, the Chief Human Resource Officer ensures that any human rights impact or issues caused or contributed to by the business are properly addressed.

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 with various statutory requirements such as payment of minimum wages and the Sexual Harassment at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Bank has a grievance handling mechanism in the name of Federal Bank Employee's Grievance Redressal Forum. Employees, irrespective of their cadre can submit their grievances related to employment and difficulties experienced at workplaces directly to this Forum. An external expert is also nominated as a member of the Forum, to ensure independent views on the grievance.

Bank has in place a Policy for prevention of Sexual Harassment at the Workplace in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Committee (IC) been set up at all the nine 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:

	FY 2023-24			FY 2022-23		
	Filled during the year	Pending resolution at the end of the year	Remarks	Filled during the year	Pending resolution at the end of the year	Remarks
Sexual Harassments	2	Nil	Resolved	1	Nil	Resolved
Discrimination at Workplace						
Child Labour						
Forced labour/ Involuntary Labour						NIL
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: (BRSR Core indicator )

	FY 2023-24	FY 2022-23
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	2	1
Complaints on POSH as a % of female employees	0.031	0.017
Complaints on POSH upheld	2	1

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. The 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.

The Bank is committed to ensure that sexual harassment instances and incidents can be reported without fear. Internal Complaints Committee has been constituted at all Zones and Head Office. The Bank will enquire about instances/and or complaints of sexual harassment promptly and discreetly and will initiate action as per the details provided in the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 wherever required.

Protected Disclosure Scheme (PDS) / Whistle Blower Policy in the Bank aim to establish an efficient vigil mechanism in the Bank to quickly spot aberrations and deal with them at the earliest. The Policy ensures assurance of confidentiality and protection to the complainant/ whistle-blower against any personnel 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?

Service Level Agreement/Master Service Agreement of the Bank which is executed with the vendors contains the covenants related to human rights, labour standards, forced labour, child labour, non-discrimination, and harassment including sexual harassment amongst many others.

10. Assessment for the year:

% of offices that were assessed (by entity or statutory authorities or third parties)	
Child labour	NIL
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above

This parameter is Not Applicable basis question No 10 above.

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 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 uphold the values and high standards of ethics. The Bank sensitises its employees on the Code of Conduct through various training programmes as well.

The Bank upholds the basic principles of human rights in all its dealings.

2. Details of the scope and coverage of any Human rights due-diligence conducted

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 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 uphold the values and high standards of ethics. The Bank sensitises its employees on the Code of Conduct through various training programmes as well.

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?

New branches/offices are generally designed and provided for easy access to differently abled visitors such as ramp facilities/ elevators. Bank is also providing door-step services for the elder and differently abled people.

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	
Discrimination at workplace	
Child Labour	The Bank's expectations from its vendors are outlined in the Supplier Code of Conduct document. Preference is given to vendors who adhere to the guidelines specified in the Supplier Code of Conduct during onboarding.
Forced Labour/Involuntary Labour	We have started screening the vendors based on various ESG parameters during the onboarding process.
Wages	
Others – please specify	

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

This parameter is Not Applicable basis question No 4 above.

PRINCIPLE 6: BUSINESSES SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format: (BRSR Core indicator )

Parameter	FY 2023-24 (GJ)	FY 2022-23 (GJ)
From renewable sources		
Total electricity consumption (A)	1,458.00	824.65
Total fuel consumption (B)	-	-
Energy consumption through other Sources (C)	-	-
Total energy consumed from renewable sources (A+B+C)	1,458.00	824.65
From non-renewable sources		
Total electricity consumption (D)	1,41,168.11	1,49,754.75
Total fuel consumption (E)	47,570.56	37,227.00
Energy consumption through other Sources (F)		
Total energy consumed from non- renewable sources (D+E+F)	1,88,738.67	1,86,981.75
Total energy consumed (A+B+C+D+E+F)	1,90,196.67	1,87,806.40
Energy intensity (In GJ) per Crore rupee of turnover (Total energy consumed / Revenue from operations)	7.53	9.81
Energy intensity (In GJ) per USD Crore of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed / Revenue from operations adjusted for PPP)	172.24	224.60
Energy intensity (In GJ) per full time employee	12.50	13.96

PPP considered for the calculation is 22.882 INR/USD as per the data available in OCED.

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 for the indicator for FY 2023-24.

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: (BRSR Core indicator)

Parameter	FY 2023-24	FY 2022-23
Water withdrawal by source (in kilolitres)		
(i) Surface water	Not available	Not available
(ii) Groundwater	Not available	Not available
(iii) Third party water	Not available	Not available
(iv) Seawater / desalinated water	Not available	Not available
(v) Others (Estimated as per NBC 2016 guidelines)	191671.20	181669.50
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	191671.20	181669.50
Total volume of water consumption (in Kilolitres-Estimated as per CPCB guidelines)	38334.24	181669.50
Water intensity (In KL) per Crore rupee of turnover (Total water consumption / Revenue from operations)	1.52	9.49
Water intensity (In KL) per USD Crore of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption/Revenue from operations adjusted for PPP)	34.72	217.25
Water intensity (In KL) per full time employee	2.52	13.50

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 for the indicator for FY 2023-24.

4. Provide the following details related to water discharged: (BRSR Core indicator)

Parameter	FY 2023-24	FY 2022-23
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	-	-
No treatment	-	-
With treatment – please specify level of treatment	-	-
(ii) To Groundwater	-	-
No treatment	-	-
With treatment – please specify level of treatment	-	-
(iii) To Seawater	-	-
No treatment	-	-
With treatment – please specify level of treatment	-	-
(iv) Sent to third-parties	-	-
No treatment	-	-
With treatment – please specify level of treatment	-	-
(v) Others (in Kilolitres-Estimated as per CPCB guidelines)	153336.96	-
No treatment	153336.96	-
With treatment – please specify level of treatment	-	-
Total water discharged (in kilolitres)	153336.96	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. Reasonable Assurance undertaken by Bureau Veritas Industrial Services (India) Pvt for the indicator for FY 2023-24.

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	Please specify unit	FY 2023-24	FY 2022-23
Nox			
Sox			
Particulate matter (PM)	Owing to the nature of the business, air emission parameters provided here are not material for the Bank. GHG emission is the only material emission for the Bank. Details of GHG emissions are provided in this report as required.		
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 (Scope 1 and Scope 2 emissions) & its intensity, in the following format: (BRSR Core indicator)

Parameter	Unit	FY 2023-24	FY 2022-23
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	3866.67	2774.86
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	28076.77	32862.90
Total Scope 1 and Scope 2 emission intensity per Crore rupee of turnover (Total Scope 1 and Scope 2 GHG emissions /Revenue from operations)	Metric tonnes of CO2 equivalent per Crore rupee of turnover	1.26	1.86
Total Scope 1 and Scope 2 emission intensity per USD Crore of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope2 GHG emissions / Revenue from operations adjusted for PPP)	Metric tonnes of CO2 equivalent per USD Crore of turnover adjusted PPP	28.93	42.62
Total Scope 1 and Scope 2 emission per full time employees	Metric tonnes of CO2 equivalent per full time employee	2.10	2.65

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 for the indicator for FY 2023-24.

8. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

S. No.	Initiative undertaken	Details of the initiative	Outcome of the initiative
1.	Installation of roof top solar panels	The Bank has built an in-house solar power generation capacity of 380 kW.	Solar power generated during FY- 4,04,995 kWh
2.	Installation of IOT based energy savings Device for AC units	Bank has deployed IOT based energy savings device for AC units in 50 ATM Sites	Energy savings due to installation of Device- 27231 kWh during the FY which helped to mitigate 24 tCO ₂ e
3.	Green Interiors Certification	Bank has obtained IGBC Green Interiors certification for 6 premises	The IGBC certified premises are resource efficient thus ensuring optimum utilisation of resources.
4.	Energy Conservation	Switching to energy efficient ACs in offices	Energy Consumption reduced to the extent of 881860 kWh
5.	Water Conservation	Bank has built in water conservation capacity of 118,500 litres.	Water saved -2,50,000 Lakh Litres
6.	Paper saved through processing of Digital requests	As part of delivering seamless banking experience to customers, the Bank digitised many processes such as client onboarding/ request handling etc the Bank thereby avoiding the need for customer visit to branch as well as the usage of paper	These initiatives resulted in an estimated saving of 84.15 Tonnes of paper and 3.73 Lakh litres of fuel during FY24.
7.	E-waste management	The Bank ensures that E-waste generated by its operation in data centres is disposed-off properly as per the e-waste norms. Bank has also extended E-waste collection to pan India offices from FY 2023-24.	135.52 tonnes of E-waste & battery waste generated disposed-off in a responsible manner.
8.	Trees plantation	To reduce the Green House Gas effect, Bank is focusing on tree planting and conservation through CSR initiatives	During the year, Bank has planted 0.61L saplings and cumulatively Bank has planted around 10.21 lakh trees
9.	Green Financing	Bank is promoting green financing to reduce its finance emissions.	Green loans outstanding as of March 2024 is ₹ 6962 Crore which helped reduce the financed emission.

9. Provide details related to waste management by the entity, in the following format: (BRSR Core indicator)

Parameter	FY 2023-24	FY 2022-23
Total Waste generated (in metric tonnes)		
Plastic waste (A)	28.66	15.04
E-waste (B)	10.09	26.39
Bio-medical waste (C)	Not Applicable	Not Applicable
Construction and demolition waste (D)	Not Applicable	Not Applicable
Battery waste (E)	125.43	3.40
Radioactive waste (F)	Not Applicable	Not Applicable
Other Hazardous waste. Please specify, if any. (G)	Not Applicable	Not Applicable
Other Non-hazardous waste generated (H).	112.58	-
Paper waste (A4 sheets consumed)		
Total (A+B + C + D + E + F + G + H)	276.76	44.83
Metric Tonnes of Waste intensity per Crore rupee of turnover (Total waste generated/ Revenue from operations)	0.010	0.002
Metric Tonnes Waste intensity per USD Crore of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP)	0.251	0.054
Metric Tonnes Waste intensity per full time employee	0.018	0.003
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste	E-waste & Battery waste	-
(i) Recycled	-	26.39
(ii) Re-used	-	-
(iii) Other recovery operations	135.52	3.40
Total	135.52	29.79
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste	Paper & Plastic	-
(i) Incineration	-	-
(ii) Landfilling	-	-
(iii) Other disposal operations in Metric tonnes	141.24	15.04
Total	141.24	15.04

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 for the indicator for FY 2023-24.

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.

Being a service industry, which is providing banking products and services, we do not generate any hazardous and toxic chemicals in our day-to-day activities. Bank largely consumes resources for running its operations which include, purchased electricity, use of DGs, stationeries, etc. Bank has taken steps in all its offices to ensure dry waste and wet waste are segregated at the source. The waste is handed over to the waste collection agencies as per the arrangements prevailing in the localities.

E-waste and battery wastes have been handed over to authorised agencies as per the requirements of E-Waste (Management) Rules 2022/ Battery Waste Management Rules 2022.

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.

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
- (ii) Nature of operations
- (iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2023-24	FY 2022-23
Water withdrawal by source (in kilolitres)		
(i) Surface water		
(ii) Groundwater		
(iii) Third party water		
(iv) Seawater / desalinated water		
(v) Others		Not Applicable
Total volume of water withdrawal (in kilolitres)		
Total volume of water consumption (in kilolitres)		
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		
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		Not Applicable
With treatment – please specify level of treatment		
(iv) Sent to third-parties		
No treatment		
With treatment – please specify level of treatment		
(v) Others		
No treatment		
With treatment – please specify level of treatment		
Total water discharged (in kilolitres)		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Not Applicable

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2023-24	FY 2022-23
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	15375.84	18473.83
Total Scope 3 emissions per Crore rupee of turnover	Metric tonnes of CO2 equivalent per Crore rupee of turnover	0.60	0.96
Total Scope 3 emission intensity per full time employee (optional) – the relevant metric may be selected by the entity	Metric tonnes of CO2 per full time employee	1.01	1.37

Select items under categories 1, 6, and 7 of Scope 3 emissions as per GHG protocol are reported. We are working to improve its scope and coverage in a gradual manner.

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, M/s. Bureau Veritas Industrial Service (India) Pvt Ltd

3. With respect to the ecologically sensitive areas reported at 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.

As an institution providing financial services, the Bank does not cause any significant, direct impact on biodiversity. However, as a part of our ESMS Policy for lending, we conduct a thorough ESDD of the projects we lend to.

4. If the entity has undertaken 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:

S. 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 the Bank is already provided in essential indicator- question No-8.		

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Bank has a BCM Policy, approved by the Board of Directors. The policy sets out the framework for managing Bank's overall capability to manage incidents that affect normal functioning. The policy is reviewed at least on a yearly basis taking into account the changes in the technology and operating environment, regulatory requirements and industry best practices. The overall business continuity preparedness is overseen by the executive-level Operational Risk Management Committee (ORMC), chaired by the Managing Director and CEO, which meets at least on a quarterly basis.

There is a Central Crisis Management Team (CCMT) that takes responsibility and acts swiftly in the event of any breakdown/ failure of critical systems, natural disaster/ accident or any other event affecting business continuity. The contact details of the CCMT members are communicated to all the business units in the Bank to enable them to seek assistance in case of an emergency.

At every Branch/ Office, Business Continuity Management Committees are constituted to act as the primary team to ensure Business continuity preparedness of the respective unit.

Business continuity/ disaster recovery plans and procedures detailing the steps to be taken at various levels of an incident are in place. The documents are reviewed at least on an annual basis.

Business Impact Analysis (BIA) is conducted at least on a yearly basis for prioritising the applications and processes of the Bank based on criticality. Based on the BIA results, business continuity arrangements including disaster recovery measures are put in place. Business continuity/ disaster recovery plans are periodically reviewed, at least on a yearly basis. Exercises like DR Drills, Component testing, Tabletop testing etc are done to test the effectiveness of Business Continuity Plan. Bank has also received ISO 22301 certification for the Business Continuity Management System implemented in its IT, centralized operations and centralised clearing operations

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. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Not Applicable.

PRINCIPLE 7: BUSINESSES, WHEN ENGAGING IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE AND TRANSPARENT

Essential Indicators

- (a) Number of affiliations with trade and industry chambers/ associations.
Bank is member of ten (10) 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	Confederation of Indian Industry	National
2	Indian Banks Association	National
3	Equalifi	National
4	Fixed Income Money Market and Derivatives Association of India (FIMMDA)	National
5	Foreign Exchange Dealers Association of India (FEDAI)	National
6	Forex Association of India (FAI)	National
7	International Chamber of Commerce	International
8	Cochin Chamber of Commerce	State
9	Madras Chamber of Commerce and Industry	State
10	Indian Chamber of Commerce and Industry	State

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 authority	Brief of the case	Corrective action taken
We have not received any adverse order from any regulatory authorities regarding any issue on anti-competitive conduct for FY-2023-24		

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 -A shot of life- COVID19 Awareness campaign	Not Applicable	Not Applicable	Yes	Yes	https://www.federalbank.co.in/documents/10180/343953/Ex+summary_FB_Sanjeevani_E18_FY2022-23.pdf/6860652f-d7bc-29cc-430b-d03b05c2bb92?t=1717239690426
Sanjeevani -A Shot of life -Vaccination in 5 districts Pan India	Not Applicable	Not Applicable	Yes	Yes	https://www.federalbank.co.in/documents/10180/343953/Ex+summary_FB_Sanjeevani_FY2022-23.pdf/b337ef9c-f99d-dc5e-9def-5bae12840e4a?t=1717239693280

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your 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)
Owing to the nature of business, this is not applicable to the Bank.						

3. Describe the mechanisms to receive and redress grievances of the community.

The Bank has a system in place to receive and redress grievances from various stakeholder groups, including the community. Communities can report their grievances through the grievance redressal portal available on the Bank's website, and they will be addressed appropriately. The grievance redressal mechanism explained in the ESMS policy can be used by communities for cases related to our lending operations.

<https://www.federalbank.co.in/grievance-redressal>

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers: (BRSR Core indicator)

	FY 2023-24	FY 2022-23
Directly sourced from MSME / small producers	19.00%	17.00%
Directly from within India	100.00%	100.00%

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost: (BRSR Core indicator)

Location	FY 2023-24	FY 2022-23
Rural	4.98%	4.82%
Semi-urban	32.48%	33.85%
Urban	37.72%	37.30%
Metropolitan	24.82%	24.03%

Place to be categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan)

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
Owing to the nature of business, this is not applicable to the Bank	

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District	Amount spent (In ₹ Lakhs)
1	Tamil Nadu	Ramanathapuram	0.33
2	Tamil Nadu	Virudhunagar	11.86
3	Assam	Barpeta	43.93
Total			56.12

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

As a Financial Institution, our inputs are primarily in the form of technological infrastructure, platforms and services. Thus, the Procurement Policy of the Bank focuses on the ability of the service provider/ supplier to adhere to the standards/requirements set by the Bank. However, 100% of the consumables/ stationery required for day-to-day activities at the branches/ offices are purchased locally. We have a sustainable procurement policy, which guides our procurement practices.

- (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 your 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
Owing to the nature of business, this is not applicable for the Bank				

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the Case	Corrective action taken
Owing to the nature of business, this is not applicable for the Bank		

6. Details of beneficiaries of CSR Projects:

S. No	CSR Subhead	No of persons benefitted	No of institutions benefitted	% of beneficiaries from vulnerable and marginalized groups
1	Promoting Education -Scholarship, Skilling and others	7026	151	100
2	Promoting Education-Youth Engagement	200000	5000	support to public
3	Healthcare	16393	26	100
4	Welfare and Women Empowerment	21383	33	100
5	Clean water solutions	5700	168	support to public
6	Ensuring Environmental Sustainability	3841958	6470	support to student community
7	Disaster Relief	3330	3	100
Total		4095790	11851	

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.

The grievance redressal mechanism of the Bank operates in the following manner:

- a. A customer experiencing any deficiency in the services of the Bank can raise a complaint through:
 - 24-hour customer care of the Bank where the executives of the Bank will contact the customer and the issue will be redressed at the earliest.
 - Customer can visit the branch of the Bank directly and give a written complaint. The branch manager shall record the complaint and record the same in the complaint register. If redressed it shall be updated in the complaint register. The branch manager shall respond to the customer within a maximum of 10 days of the receipt of the complaint. The branch manager shall escalate the matter to Head Office /Zonal Office in case he wants the interference of higher authorities.
- b. If the complainant does not receive a response from the branch within 10 days or the complaint is not redressed to the satisfaction of the customer, the matter may be taken up with the Zonal Level Code Compliance Officer (Nodal Officer) at the respective Zonal Office. The Zonal level code compliance officer shall also register the complaint in the complaints register maintained at Zonal office and shall try to redress the complaint. The Code Compliance Officer at the Zonal office shall respond to the complainant within a maximum period of 10 days of receipt of the complaint.

- c. The Executive Director in charge of Service Quality Department would be the Principal Code Compliance Officer of the Bank and Principal Nodal Officer for redressal of customer complaints. If the complainant does not receive a response from the Code Compliance Officer at the Zonal office within 10 days or if the complainant still feels unsatisfied with the response received, he/she can address the complaint to the Principal Code Compliance Officer of the Bank with full details. The complaints received at Head office would be probed by the Service Quality Department and suitable measures would be taken to redress the grievance. Service Quality Department also examines the nature of complaints and initiates necessary corrective measures to prevent recurrence of such complaints. All Offices of the Bank are required to attend to correspondence on matters related to customer complaints with utmost promptness and help redress of the complaints. The Code Compliance Officer at Head office responds to the Complainant within a maximum period of 10 days of receipt of the complaint.
- d. Customers also have the option to register their complaints online through the Bank's Website. There is also a dedicated e-mail ID for sending grievances to the Principal Code Compliance Officer (support@federalbank.co.in). Complaints received through these channels will be dealt with as described in item (c) above.
- e. The Bank has also appointed an Internal Ombudsman (IO) with the objective of enabling a proper and speedy resolution of complaints of Bank's customers at the Bank level by an independent apex-level authority within the Bank. The IO scheme provides a settlement that may be acceptable to the Bank as well as customer. The customer, if not satisfied with the settlement offer, will however be at liberty to appeal to the Banking ombudsman of Reserve Bank of India.
- f. The Bank has also formed two committees to ensure that quality services are rendered to the customer:
 - Customer Service Committee of the Board
 - Standing Committee on Customer Service

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

As a percentage to total turnover	
Environmental and social parameters relevant to the product	
Safe and responsible usage	Not Applicable
Recycling and/or safe disposal	

3. Number of consumer complaints in respect of the following:

	FY 2023-24		Remarks	FY 2022-23		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	0	--	--	0	--	--
Advertising	0	--	--	0	--	--
Cyber-security	0	--	--	0	--	--
Delivery of essential services	0	--	--	0	--	--
Restrictive Trade Practices	0	--	--	0	--	--
Unfair Trade Practices	0	--	--	0	--	--
Other	2,60,580	6657#		1,70,278	5,864#	

#Outstanding complaints are those received in the month of March. Around 99% of outstanding complaints are related to digital transaction disputes which has specific TAT for resolution.

4. Details of instances of product recalls on account of safety issues:

Number	Reasons for recall
Voluntary recalls	
Forced recalls	Not Applicable

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.

Yes, Bank has formulated an Information Systems Security Policy (ISSP) and a Cyber Security Policy (CSP). Data privacy-related aspects are broadly covered in ISSP. The policies are reviewed on an annual basis.

The privacy policy is available on our website. Please refer to the below URL:

<https://www.federalbank.co.in/privacy-policy>

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

Bank's systems were not subjected to any incidents affecting cyber security or the privacy of customers. Also, Bank has not been subjected to any penalty by regulatory authorities on the safety of products/services during the fiscal

7. Provide the following information relating to data breaches: (BRSR Core indicator)

- a. Number of instances of data breaches : NIL
- b. Percentage of data breaches involving personally identifiable information of customers: NIL
- c. Impact, if any, of the data breaches: Not Applicable

Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

A few key channels where customers can find the details of our products/ services include:

- a) **Branches:** The Bank's mantra is 'digital at the fore and human at the core' and we exemplify relationship banking. Our branches are open during office hours, when customers can contact us to know more about the services/products.
- b) **Mobile Apps:** Customers increasingly use mobile apps for banking. These apps provide a convenient way to check balances, transfer funds, pay bills, and access other services.
- c) **Websites:** The Bank's website offers a user-friendly interface, allowing customers to easily navigate and explore a wide range of services. Visitors can access detailed information about various products, open new accounts, and find up-to-date interest rates and charges. Additionally, the site provides comprehensive resources on careers, policies, annual reports, and financial results, ensuring transparency and accessibility for all users.
- d) **Contact Centres:** While digital channels are popular, some customers still prefer human interaction. Contact centres handle queries, resolve issues, and provide assistance over the phone.
- e) **Feddy (Virtual Assistant):** Feddy is a virtual assistant powered by artificial intelligence 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.federalbank.co.in/>

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Proactive measures are taken to keep the customers updated about financial cyber safety. A campaign called 'Twice is Wise' with video snippets and creative posts on safe banking practices were posted on social media. Emails and SMS are sent to customers asking them not to click/act on suspicious links. Cyber security-related blogs are published on the website of the Bank.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.
 - a. **Notifications on Websites.** These messages inform customers about scheduled maintenance, system upgrades, or any potential disruptions.
 - b. **Notifications via Mobile Apps**
 - c. **Email Alerts:** Email notifications regarding service interruptions, changes in policies, or upcoming maintenance based on the duration and affected customers.
 - d. **SMS (Text) Alerts:** Bank sends SMS alerts to customers' registered mobile numbers. These messages provide timely information about service disruptions, security updates, or other relevant matters.
4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Bank believes in being transparent with all the stakeholders by providing all the required information in detail. All the important notices such as service charges, interest rates, grievance redressal mechanisms etc. are prominently displayed in the Notice Board of Branches/ Offices and on the website of the Bank. Details of the various products and services offered are also available on the website of the Bank.

Accessing and enhancing customer satisfaction involves gathering feedback and implementing strategies to meet and exceed customer expectations. Feedback is collected across various touchpoints to grasp the overall sentiment of the customers.

Our Bank uses Net Promoter Score (NPS) as the metric for gauging customer satisfaction. The current programs designed in line with this have been shown below.

- a. **NPCI Products:** Customer who uses UPI, IMPS, RuPay Debit & Credit Card products are being surveyed and the results are analysed monthly. The feedback from the customers is shared with the respective business teams to improve the product design, customer awareness, etc. Service recovery calls are initiated to customers to resolve their concerns. This holistic approach has resulted in measurable improvements in the NPS.
- b. **Contact Centre:** We have implemented a system to collect NPS from customers who interact with our Contact Centre. The results are monitored and analysed to gain insight into customer perceptions and preferences. This feedback mechanism allows us to identify areas for improvement in our services and training programs for our contact centre staff.

Apart from this, we also conduct surveys for customer SB account onboarding journeys via various channels like IAO, Tab Banking, and Web-Based Account Opening Solutions.

INDEPENDENT PRACTITIONER'S ASSURANCE REPORT



To

The Board of Directors of Federal Bank Limited

Introduction and objectives of work

The Board of Directors of **Federal Bank Limited** (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, 2024.

Intended User

The assurance statement is made solely for "**Federal Bank Limited (FBL)** and its stakeholders" as per the governing contractual terms and conditions of the assurance engagement contract between "FBL" and "Bureau Veritas". To the extent that the law permits, we owe no responsibility and do not accept any liability to any party other than "FBL" for the work we have performed for this assurance report or our conclusions stated in the paragraph below.

Scope of Work

We have performed the **Reasonable Assurance engagement for BRSR (Core)** parameters and **Limited Assurance for non-core** parameters in accordance with International Standard on Assurance Engagements (ISAE) 3000(Revised) and in line with the requirements of Bureau Veritas's standard procedures and guidelines for external Assurance of Sustainability Reports, based on current best practice in independent assurance.

The reporting boundaries considered for this reporting period are as follows:

Federal Bank branches located in India.

As part of its independent Reasonable assurance, we assessed the appropriateness and robustness of underlying reporting systems and processes, used to collect, analyse and review the information reported. In this process, we undertook the following activities:

The assessment was conducted by means of physical site visits at Head office located at Aluva, Kochi, Kerala and remote verification of other branches. Bureau Veritas interviewed personnel of **Federal Bank Limited's** including Environment, Health & Safety (EHS) team, HR, Finance and Accounts, Engineering, Purchase, Accounts and other relevant departments.

- The assurance process involved carrying out an Assessment by experienced assessors from Bureau Veritas.
- The Company had submitted performance data on reported BRSR (core) topics and non-core topics.
- Data on various BRSR (core) and non-core disclosures were assessed for the locations as mentioned above. Later, it was confirmed that the same assessed the data went into preparation of the final data within the BRSR Report 2023-24.

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 is to provide independent Reasonable assurance and Limited assurance on the BRSR core and BRSR non-core parameters respectively for the financial year ended 31st March 2024.



Our Findings

On the basis of our methodology and the activities described above,

- Nothing has come to our attention to indicate that the BRSR disclosures are inaccurate or that the information included therein is not fairly stated.
- It is our opinion that Company has established appropriate systems for the collection, aggregation, and analysis of data on Sustainability/Non-Financial performance disclosures in the BRSR.
- The BRSR Report provides a fair representation of the Company's activities as included therein.
- The information is presented in a clear, understandable, and accessible manner, and allows readers to form a balanced opinion over the Company and status during the reporting period.

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 **Federal Bank Limited** and statements of future commitment.
- Competitive claims in the report claiming, "first company in India", "first time in India", "first of its kind", etc.

Our assurance does not extend to the activities and operations of **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 195 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 **Federal Bank Limited**.

Competence

The assurance team has extensive experience in conducting assurance over environmental, social, ethical, and health & safety information, systems and processes an excellent understanding of Bureau Veritas standard methodology for the Assurance of Sustainability Reports.

Restriction on use of Our Report

Our assurance report has been prepared and addressed to the Board of Directors of the **Federal Bank Limited** at the request of the company solely to assist the company in reporting on the Company's Sustainability performance and activities. Accordingly, we accept no liability to anyone, other than the 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: 2024.07.30 18:34:50
 +05'30'

Nagabhushan B Biliangadi
Lead Assuror

Bengaluru, India

Dt: July 30th, 2024

MUNJI RAMA MOHAN RAO
 Digitally signed by
 MUNJI RAMA MOHAN RAO
 Date: 2024.07.30
 17:49:03 +05'30'

Munji Rama Mohan Rao
Technical Reviewer

Hyderabad, India

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, 2024, the Profit and Loss Account, the Cash Flow Statement for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information ("the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Banking Regulation Act, 1949, circular, directions and the guidelines issued by the Reserve Bank of India ("the RBI") from time to time ("the RBI Guidelines") and the Companies Act, 2013 ("the Act") in the manner so required for banking companies and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with Companies (Accounting Standards) Rules, 2021 and other accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2024, 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, 2024. 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 Matter	How the Key Audit Matter was addressed in our audit
1	<p>Identification of and provisioning for Non-Performing Advances ("NPA")</p> <p>Total Advances (Net of Provisions) as at March 31, 2024: ₹ 2,094,033,349 thousands</p> <p>Provision of NPA: ₹ 32,193,202 thousands as at March 31, 2024</p> <p>(Refer to Schedule 9, Schedule 17(4.2) and of Schedule 18(1.4.1.A1)).</p>	<p>Our audit procedures in respect of this area included, but not limited to:</p> <p>Process understanding and control testing:</p> <ul style="list-style-type: none"> Obtained an understanding of management's process, systems/ applications and controls implemented in relation to advances, identification of NPA and provisions thereon. Tested system/application controls including automated process, controls and system-based reconciliations pertaining to advances, NPA identification and provision on advances as per IRAC norms and Board approved policy. <p>Performed other substantive procedures including the following, but not limited to:</p> <ul style="list-style-type: none"> Selected samples for testing, based on quantitative and qualitative risk factors. For the selected samples, tested accuracy of days past due computation, assets classification at borrower level and provisioning as per IRAC norms and Board approved policy. Verified samples selected based on quantitative and qualitative factors to test their conduct, security valuation, impairment indicators basis their financial strength or external factors if any. Inquired with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which needs to be factored in classification of account as NPA. Discussed with the management of the Bank on sectors where there is perceived credit risk and the steps taken by management to mitigate the risks pertaining to identified stress sectors.

INDEPENDENT AUDITORS' REPORT (Contd.)

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
2	<p>Information Technology ("IT") systems and controls impacting financial controls</p> <p>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.</p> <p>Amongst its multiple IT systems, we scoped in systems that are key for overall financial reporting.</p> <p>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.</p> <p>We have identified 'IT systems and controls' as a key audit matter considering the high level of automation, significant number of systems being used by management and the complexity of the IT architecture and its impact on overall financial reporting process and regulatory expectation on automation.</p>	<p>Key IT audit procedures performed included the following, but not limited to:</p> <ul style="list-style-type: none"> For testing the IT general controls, application controls and IT dependent manual controls, we involved IT specialists as part of the audit. The team also assisted in testing the accuracy of the information produced by the Bank's IT systems Obtained a comprehensive understanding of IT applications landscape implemented at the Bank. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology. Key IT audit procedures includes testing design and operating effectiveness of key controls operating over user access management (which includes user access provisioning, de-provisioning, access review, password configuration review, segregation of duties and privilege access), change management (which include change release in production environment are compliant to the defined procedures and segregation of environment is ensured), program development (which include review of data migration activity), computer operations (which includes testing of key controls pertaining to, backup, Batch processing (including interface testing), incident management and data centre security), System interface controls. This included testing that requests for access to systems were appropriately logged, reviewed, and authorized. In addition to the above, the design and operating effectiveness of certain automated controls, that were considered as key internal system controls over financial reporting were tested. Using various techniques such as inquiry, review of documentation / record / reports, observation, and re-performance. We also tested few controls using negative testing technique. Tested compensating controls and performed alternate procedures, where necessary. In addition, understood where relevant changes made to the IT landscape during the audit period.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Bank's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the Standalone Financial Statements, and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the Standalone Financial Statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, and

cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with Companies (Accounting Standards) Rules, 2021 and provisions of Section 29 of the Banking Regulation Act, 1949 and the RBI Guidelines. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, Banking Regulation Act, 1949 and RBI Guidelines for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, Board of Directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Bank's financial reporting process.

INDEPENDENT AUDITORS' REPORT (Contd.)

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 internal financial controls with reference to Standalone Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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, 2024 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

The Standalone Financial Statements of the Bank for the year ended March 31, 2023, were audited by another auditor whose report dated May 05, 2023 expressed an unmodified opinion on those Standalone Financial Statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Act and relevant rules issued thereunder.
2. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
 - a. We have sought and obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory.
 - b. The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
 - c. Since the key operations of the Bank are automated with the key applications integrated to the core banking systems, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein. However, during the course of our audit we have visited 134 branches.
3. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books.
 - 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.

INDEPENDENT AUDITORS' REPORT (Contd.)

- 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, 2024 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Bank has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Schedule 12, Note 4.22 of Schedule 17 and Note 1.12.5 of Schedule 18 to the Standalone Financial Statements;
 - ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Schedule 12, Note 4.22 of Schedule 17 and Note 1.12.5 of Schedule 18 to the Standalone Financial Statements; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank - Refer Note 3.10 of Schedule 18 to the Standalone Financial Statements.
 - iv. (1) The Management has represented that, to the best of its knowledge and belief, as disclosed in Note 3.12 of Schedule 18 to the Standalone Financial Statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person 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 ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (2) The Management has represented, that, to the best of its knowledge and belief, as disclosed in Note 3.12 of Schedule 18 to the Standalone Financial Statements, no funds have been received by the Bank from any person or entity, including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Bank shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (3) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the Management in this regard nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.
 - v. The Bank has declared and paid dividend during the year which is in compliance with section 123 of the Act and the Banking Regulation Act, 1949.
 - vi. Based on our examination which includes test checks, the Bank has used accounting softwares for maintaining its books of account 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. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.
 - h. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, the Bank is a banking Company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under Section 197 of the Act do not apply.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration
Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 24117812BKFIEN7320

Mumbai
May 02, 2024

For **Suri & Co**
Chartered Accountants
ICAI Firm Registration
Number: 0042835

G. Rengarajan
Partner
Membership Number: 219922
UDIN: 24219922BKCLRD4173

Kochi
May 02, 2024

INDEPENDENT AUDITORS' REPORT (Contd.)

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE FEDERAL BANK LIMITED FOR THE YEAR ENDED 31 MARCH 2024

[Referred to in paragraph 3(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to Standalone Financial Statements of The Federal Bank Limited ("the Bank") as of March 31, 2024 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, 2024, 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 issued by the Institute of Chartered Accountants of India ("the ICAI") ("the Guidance Note").

Management's Responsibility for Internal Financial Controls

The Bank's Management is 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 Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under

section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Standalone Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of 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

INDEPENDENT AUDITORS' REPORT (Contd.)

generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorizations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the bank's assets that could have a material effect on the Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to Standalone Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Standalone Financial Statements to future periods are subject to the risk that the internal financial control with reference to Standalone

Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration
Number: 105047W

For **Suri & Co**
Chartered Accountants
ICAI Firm Registration
Number: 004283S

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 24117812BKFIEN7320

G. Rengarajan
Partner
Membership Number: 219922
UDIN: 24219922BKCLRD4173

Mumbai
May 02, 2024

Kochi
May 02, 2024

FORM A
THE FEDERAL BANK LIMITED
BALANCE SHEET

AS ON MARCH 31, 2024

(₹ in Thousands)

	Schedule	As on March 31, 2024	As on March 31, 2023
CAPITAL AND LIABILITIES			
Capital	1	4,870,703	4,232,402
Reserves and surplus	2	286,073,479	210,829,966
Deposits	3	2,525,340,153	2,133,860,385
Borrowings	4	180,264,164	193,192,891
Other liabilities and provisions	5	86,569,518	61,302,651
TOTAL		3,083,118,017	2,603,418,295
ASSETS			
Cash and balances with Reserve Bank of India	6	114,935,677	125,908,463
Balances with Banks and money at call and short notice	7	74,693,490	50,978,343
Investments	8	608,595,267	489,833,470
Advances	9	2,094,033,349	1,744,468,846
Fixed assets	10	10,200,583	9,339,740
Other assets	11	180,659,651	182,889,433
TOTAL		3,083,118,017	2,603,418,295
Contingent liabilities	12	1,020,725,470	766,018,373
Bills for collection		71,578,413	56,694,543
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 The Federal Bank Limited

 For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No: 105047W

A P Hota
Chairman
DIN: 02593219

Shyam Srinivasan
Managing Director & CEO
DIN: 02274773

Swapnil Kale
Partner
Membership No: 117812
Place: Mumbai

Shalini Warriar
Executive Director
DIN: 08257526

Harsh Dugar
Executive Director
DIN: 00832748

 For **Suri & Co**
Chartered Accountants
ICAI Firm Registration No: 0042835

Venkatraman Venkateswaran
Chief Financial Officer

Samir P Rajdev
Company Secretary

G. Rengarajan
Partner
Membership No: 219922
Place: Kochi

Manikandan Muthiah
Head - Financial Reporting

 Place: Kochi
Date : May 02, 2024

FORM B
THE FEDERAL BANK LIMITED
PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2024

(₹ in Thousands)

	Schedule	Year ended March 31, 2024	Year ended March 31, 2023
I. INCOME			
Interest earned	13	221,882,573	168,036,338
Other income	14	30,792,717	23,300,006
TOTAL		252,675,290	191,336,344
II. EXPENDITURE			
Interest expended	15	138,947,754	95,714,736
Operating expenses	16	61,982,694	47,677,655
Provisions and contingencies (Refer Note 1.12.5 of Schedule 18)		14,538,861	17,838,010
TOTAL		215,469,309	161,230,401
III. PROFIT/(LOSS)			
Net profit for the year		37,205,981	30,105,943
Profit brought forward		53,852,696	41,055,453
TOTAL		91,058,677	71,161,396
IV. APPROPRIATIONS			
Transfer to Revenue Reserve		5,542,518	4,265,747
Transfer to Statutory Reserve		9,301,495	7,526,486
Transfer to Capital Reserve		817,635	113,247
Transfer to Investment Fluctuation Reserve		668,442	9,690
Transfer to Investment Reserve		162,431	-
Transfer to Special Reserve		1,736,800	1,606,900
Dividend pertaining to previous year paid during the year (Note 3.2 E of Schedule 18)		2,349,108	3,786,630
Balance carried over to Balance Sheet		70,480,248	53,852,696
TOTAL		91,058,677	71,161,396
Earnings per share (Face value of ₹ 2/- each) (₹) (Note 3.1 of Schedule 18)			
Basic		16.07	14.27
Diluted		15.87	14.13
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 The Federal Bank Limited

 For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No: 105047W

A P Hota
Chairman
DIN: 02593219

Shyam Srinivasan
Managing Director & CEO
DIN: 02274773

Swapnil Kale
Partner
Membership No: 117812
Place: Mumbai

Shalini Warriar
Executive Director
DIN: 08257526

Harsh Dugar
Executive Director
DIN: 00832748

 For **Suri & Co**
Chartered Accountants
ICAI Firm Registration No: 0042835

Venkatraman Venkateswaran
Chief Financial Officer

Samir P Rajdev
Company Secretary

G. Rengarajan
Partner
Membership No: 219922
Place: Kochi

Manikandan Muthiah
Head - Financial Reporting

 Place: Kochi
Date : May 02, 2024

THE FEDERAL BANK LIMITED
CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2024

(₹ in Thousands)

	Year ended March 31, 2024	Year ended March 31, 2023
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxes	49,783,781	40,445,043
Adjustments for:		
Depreciation on Bank's Property	2,151,484	1,646,071
Provision / Depreciation on Investments	(277,189)	411,319
Amortisation of Premium on Held to Maturity Investments	1,731,776	1,744,601
Provision / Charge for Non Performing Advances	4,011,458	5,913,370
Provision for Standard Assets and Contingencies	(2,063,000)	1,652,330
Profit on sale of fixed assets (net)	(84,332)	(8,228)
Profit on Sale of Investment in Subsidiary	(991,140)	-
Dividend From Subsidiaries / Associates	(165,846)	(83,748)
Employees Stock Option Expense	15,824	11,075
	54,112,816	51,731,833
Adjustments for working capital changes:-		
Increase in Investments [excluding Held to Maturity Investments]	(33,468,877)	(6,566,878)
Increase in Advances	(353,575,962)	(301,098,970)
(Increase)/ Decrease in Other Assets	2,344,707	(29,749,203)
Increase in Deposits	391,479,768	316,854,524
Increase in Other Liabilities and Provisions	27,052,792	9,062,641
	33,832,428	(11,497,886)
Direct taxes paid (net)	(12,415,649)	(11,537,004)
Net Cash Flow from Operating Activities	75,529,595	28,696,943
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(3,036,718)	(4,668,282)
Proceeds from Sale of Fixed Assets	108,723	30,144
Dividend From Subsidiaries / Associates	165,846	83,748
Proceeds from sale of investment in Subsidiary	1,150,000	-
Purchase of Held to Maturity Investments (net)	(86,906,367)	(93,627,897)
Net Cash flow used in Investing Activities	(88,518,516)	(98,182,287)

THE FEDERAL BANK LIMITED
CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

(₹ in Thousands)

	Year ended March 31, 2024	Year ended March 31, 2023
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	638,301	27,314
Proceeds from Share Premium (Net of share issue expenses)	40,408,749	924,872
Proceeds from Issue of Subordinate Debt	-	9,950,000
Increase/(Decrease) in Borrowings (Excluding Subordinate Debt)	(12,928,727)	29,311,740
Dividend Paid	(2,349,108)	(3,786,630)
Net Cash flow from Financing Activities	25,769,215	36,427,296
Effect of exchange fluctuation on translation reserve	(37,933)	(158,601)
Net Increase / (Decrease) in Cash and Cash Equivalents	12,742,361	(33,216,649)
Cash and Cash Equivalents at the beginning of the year	176,886,806	210,103,455
Cash and Cash Equivalents at the end of the year	189,629,167	176,886,806

Notes:

- 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)
- Corporate Social Responsibility related expenses spent in cash during the year is ₹ 575,507 Thousands (Previous Year: ₹ 438,803 Thousands)

As per our report of even date

For The Federal Bank Limited

 For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No: 105047W

Swapnil Kale

Partner

Membership No: 117812

Place: Mumbai

 For **Suri & Co**

Chartered Accountants

ICAI Firm Registration No: 0042835

G. Rengarajan

Partner

Membership No: 219922

Place: Kochi

Place: Kochi

Date : May 02, 2024

A P Hota

Chairman

DIN: 02593219

Shalini Warriar

Executive Director

DIN: 08257526

Venkatraman Venkateswaran

Chief Financial Officer

Manikandan Muthiah

Head - Financial Reporting

Shyam Srinivasan

Managing Director & CEO

DIN: 02274773

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

	(₹ in Thousands)	
	As on March 31, 2024	As on March 31, 2023
Authorised Capital	8,000,000	8,000,000
4,000,000,000 (Previous year 4,000,000,000) equity shares of ₹ 2/- each		
Issued Capital	4,873,354	4,235,053
2,436,677,233 (Previous year 2,117,526,438) equity shares of ₹ 2/-each		
Subscribed, Called-up and Paid-up Capital	4,870,704	4,232,403
2,435,351,938 (Previous year 2,116,201,143) equity shares of ₹ 2/-each		
Less: Calls unpaid	1	1
Total	4,870,703	4,232,402

Refer Note 3.2 of Schedule 18

SCHEDULE 2 - RESERVES AND SURPLUS

	(₹ in Thousands)	
	As on March 31, 2024	As on March 31, 2023
I. Statutory Reserve		
Opening balance	46,060,766	38,534,280
Additions during the year	9,301,495	7,526,486
Deductions during the year	-	-
	55,362,261	46,060,766
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	7,567,743	7,454,496
Additions during the year*	817,635	113,247
Deductions during the year	-	-
	8,385,378	7,567,743
Total (a+b)	8,435,469	7,617,834
III. Share premium (Refer Note 3.2 of Schedule 18)		
Opening balance	61,716,219	60,791,347
Additions during the year	40,818,546	924,872
Deductions during the year	(403,331)	-
	102,131,434	61,716,219

THE FEDERAL BANK LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

	(₹ in Thousands)	
	As on March 31, 2024	As on March 31, 2023
IV. Revenue and Other Reserves		
a) Revenue Reserve		
Opening balance	29,399,164	25,133,417
Additions during the year	5,542,518	4,265,747
Deductions during the year	-	-
	34,941,682	29,399,164
b) Investment Fluctuation Reserve (Refer Note 1.2.1 B of Schedule 18)		
Opening balance	1,906,890	1,897,200
Additions during the year	668,442	9,690
Deductions during the year	-	-
	2,575,332	1,906,890
c) Special Reserve (As per section 36(1)(viii) of Income Tax Act, 1961)		
Opening balance	10,090,100	8,483,200
Additions during the year	1,736,800	1,606,900
Deductions during the year	-	-
	11,826,900	10,090,100
V. Investment Reserve Account		
Opening balance	-	-
Additions during the year	162,431	-
Deductions during the year	-	-
	162,431	-
VI. Foreign Currency Translation Reserve [Refer Schedule 17 (4.6)]		
Opening balance	(139,485)	19,116
Additions during the year	-	-
Deductions during the year	(37,933)	(158,601)
	(177,418)	(139,485)
VII. ESOP Reserve		
Opening balance	24,779	13,704
Additions during the year	15,824	11,075
Deductions during the year	(6,466)	-
	34,137	24,779
VIII. Contingency Reserve		
Opening balance	301,003	301,003
Additions during the year	-	-
Deductions during the year	-	-
	301,003	301,003
IX. Balance in Profit and Loss Account	70,480,248	53,852,696
Grand Total (I+II+III+IV+V+VI+VII+VIII+IX)	286,073,479	210,829,966

* - Includes Profit appropriated to Capital Reserve (net of applicable taxes and transfer to statutory reserve) on :

- a) Gain on sale of Held to Maturity Investments ₹ 769,514 Thousands (Previous year ₹ 111,106 Thousands)
- b) Profit on sale of Premises ₹ 48,121 Thousands (Previous year ₹ 2,141 Thousands)

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

SCHEDULE 3 - DEPOSITS

(₹ in Thousands)		
	As on March 31, 2024	As on March 31, 2023
A. I. Demand Deposits		
i. From Banks	2,199,300	2,179,831
ii. From others	165,721,589	155,654,726
	167,920,889	157,834,557
II. Savings Bank Deposits	578,587,491	543,369,909
III. Term Deposits		
i. From Banks	41,988,325	23,697,209
ii. From others	1,736,843,448	1,408,958,710
	1,778,831,773	1,432,655,919
Grand Total (I+II+III)	2,525,340,153	2,133,860,385
B. I. Deposits of branches in India	2,524,784,328	2,133,576,516
II. Deposits of branches outside India	555,825	283,869
Total	2,525,340,153	2,133,860,385

SCHEDULE 4 - BORROWINGS

(₹ in Thousands)		
	As on March 31, 2024	As on March 31, 2023
I. Borrowings in India		
i. Reserve Bank of India	28,510,000	-
ii. Other Banks	5,771,000	978,000
iii. Other institutions and agencies	109,996,027	161,875,129
Total	144,277,027	162,853,129
II. Borrowings outside India	35,987,137	30,339,762
Grand Total (I and II)	180,264,164	193,192,891
a) Secured borrowings included in I and II above	119,177,027	142,903,129
b) Tier II bond included in I(ii) & I(iii) above	19,950,000	19,950,000

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(₹ in Thousands)		
	As on March 31, 2024	As on March 31, 2023
I. Bills payable	6,535,793	6,254,620
II. Inter - office adjustment (net)	-	-
III. Interest accrued	6,763,260	5,972,034
IV. Others (including provisions)*	73,270,465	49,075,997
Total	86,569,518	61,302,651
*Includes		
(a) General provision for standard assets (Refer Note 1.4.12 of Schedule 18)	12,464,103	14,484,103
(b) Deferred Tax Liability (Net) (Refer Note 2.4 of Schedule 18)	277,075	-

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(₹ in Thousands)		
	As on March 31, 2024	As on March 31, 2023
I. Cash in hand (including foreign currency notes)	9,529,372	10,705,056
II. Balance with Reserve Bank of India		
i. in Current Accounts	105,406,305	99,203,407
ii. in Other Accounts	-	16,000,000
Total (I+II)	114,935,677	125,908,463

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(₹ in Thousands)		
	As on March 31, 2024	As on March 31, 2023
I. In India		
i. Balances with Banks		
a. in Current Accounts	4,685,889	5,695,142
b. in Other Deposit Accounts	10,500	402,500
ii. Money at call and short notice		
a. With Banks	-	-
b. With other institutions	4,490,520	4,992,580
Total	9,186,909	11,090,222
II. Outside India		
i. in Current Accounts	8,829,647	5,376,721
ii. in Other Deposit Accounts	55,676,074	34,511,400
iii. Money at call and short notice	1,000,860	-
Total	65,506,581	39,888,121
Grand Total (I and II)	74,693,490	50,978,343

SCHEDULE 8 - INVESTMENTS

(₹ in Thousands)		
	As on March 31, 2024	As on March 31, 2023
I. Investments in India in		
i. Government securities [#]	518,403,558	423,955,328
ii. Other approved securities	-	-
iii. Shares	5,954,893	5,525,238
iv. Debentures and bonds	32,926,764	23,478,022
v. Subsidiaries and/or joint ventures	6,529,160	6,688,020
vi. Others [@]	44,658,365	28,837,118
Total	608,472,740	488,483,726

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

	(₹ in Thousands)	
	As on March 31, 2024	As on March 31, 2023
II. Investments outside India in		
i. Government securities (including local authorities)	32,048	24,526
ii. Subsidiaries and/or joint ventures abroad	-	-
iii. Other investments		
a. Debentures and bonds	80,221	504,502
b. Shares	10,258	10,105
c. Others (Certificate of Deposit)	-	810,611
Total	122,527	1,349,744
Grand Total (I and II)	608,595,267	489,833,470
Gross Investments		
In India	613,613,718	493,849,157
Outside India	122,527	1,351,468
Total	613,736,245	495,200,625
Depreciation/ Provision for Investments		
In India	5,140,978	5,365,431
Outside India	-	1,724
Total	5,140,978	5,367,155
Net Investments		
In India	608,472,740	488,483,726
Outside India	122,527	1,349,744
Total	608,595,267	489,833,470

* Securities costing ₹ 110,164,457 Thousands (Previous Year ₹ 95,151,628 Thousands) pledged for avilment of fund transfer facility, clearing facility and margin requirements.

@ Comprises of:

	(₹ in Thousands)	
	As on March 31, 2024	As on March 31, 2023
Pass Through Certificates (PTCs)	36,231,924	25,761,611
Certificate of Deposits	3,946,751	1,340,611
Commercial Paper	3,128,680	492,518
Venture Capital Funds (VCFs)	1,351,010	1,242,378
Total	44,658,365	28,837,118

SCHEDULE 9 - ADVANCES

	(₹ in Thousands)	
	As on March 31, 2024	As on March 31, 2023
A. i. Bills purchased and discounted	47,518,540	41,692,972
ii. Cash credits, overdrafts and loans repayable on demand	878,825,323	760,275,257
iii. Term loans	1,167,689,486	942,500,617
Total	2,094,033,349	1,744,468,846
B. i. Secured by tangible assets*	1,794,407,743	1,461,807,416
ii. Covered by Bank/Government guarantees#	15,894,240	18,521,711
iii. Unsecured	283,731,366	264,139,719
Total	2,094,033,349	1,744,468,846
C. I. Advances in India		
i. Priority sector	681,141,619	559,026,962

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

	(₹ in Thousands)	
	As on March 31, 2024	As on March 31, 2023
ii. Public sector	-	124,018
iii. Banks	25,564,911	1,275,342
iv. Others	1,356,613,988	1,156,967,913
Total	2,063,320,518	1,717,394,235
C. II. Advances outside India (Refer note 1.4.3 of Schedule 18)		
i. Due from Banks	1,256,913	794,011
ii. Due from others		
a) Bills purchased and discounted	-	-
b) Syndicated Loans	13,319,911	9,938,657
c) Others	16,136,007	16,341,943
Total	30,712,831	27,074,611
Grand Total (C I and C II)	2,094,033,349	1,744,468,846

* Includes Advances against book debts

Includes Advances against Letter of Credit issued by Banks
(Advances are net of provisions)

SCHEDULE 10 - FIXED ASSETS

	(₹ in Thousands)	
	As on March 31, 2024	As on March 31, 2023
A. Premises#		
Gross Block		
At cost as on 31 st March of the preceding year	3,742,876	2,968,642
Additions during the year	477,506	780,062
Deductions during the year	8,938	5,828
At the end of the year	4,211,444	3,742,876
Depreciation		
As at the beginning of the year	1,126,704	1,065,719
Charge for the Year	95,113	62,800
Deductions during the year	5,513	1,815
Depreciation to date	1,216,304	1,126,704
Net Block	2,995,140	2,616,172
B. Other fixed assets		
(including furniture and fixtures)		
Gross Block		
At cost as on 31 st March of the preceding year	17,356,552	14,520,202
Additions during the year	2,708,953	3,361,381
Deductions during the year	412,462	525,031
At the end of the year	19,653,043	17,356,552
Depreciation		
As at the beginning of the year	11,441,639	10,365,498
Charge for the year	2,056,371	1,583,271
Deductions during the year	391,495	507,130
Depreciation to date	13,106,515	11,441,639
Net Block	6,546,528	5,914,913
C. Capital Work in progress (Including Capital Advances)	658,915	808,655
Grand Total (A+B+C)	10,200,583	9,339,740

Includes buildings constructed on leasehold land at different places having original cost of ₹ 1,610,074 Thousands (Previous Year ₹ 1,206,265 Thousands) and Written down value of ₹ 1,337,753 Thousands (Previous Year ₹ 976,551 Thousands) with remaining lease period varying from 51 - 62 years.

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

SCHEDULE 11 - OTHER ASSETS

	(₹ in Thousands)	
	As on March 31, 2024	As on March 31, 2023
I. Inter - office adjustments (net)	-	-
II. Interest accrued	19,064,977	15,274,277
III. Tax paid in advance/ tax deducted at source (Net of provision)	14,307,767	13,375,417
IV. Stationery and Stamps	18,754	15,676
V. Non-banking assets acquired in satisfaction of claims	2,926	2,926
VI. Others#	147,265,227	154,221,137
Total	180,659,651	182,889,433
# Includes		
(a) Priority sector shortfall deposits	112,344,840	131,167,873
(b) Security deposits	2,737,641	2,392,736
(c) Deferred tax asset (net) (Refer Note 2.4 of Schedule 18)	-	817,425

SCHEDULE 12 - CONTINGENT LIABILITIES

	(₹ in Thousands)	
	As on March 31, 2024	As on March 31, 2023
I. Claims against the Bank not acknowledged as debts	25,069,076	18,463,344
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange contracts**	824,272,509	610,661,759
IV. Guarantees given on behalf of constituents		
a) In India	135,182,233	107,735,581
b) Outside India	-	-
V. Acceptances, endorsements and other obligations	31,506,803	25,350,115
VI. Other items for which the Bank is contingently liable@	4,694,849	3,807,574
Total	1,020,725,470	766,018,373
(Refer Note 3.6 of Schedule 18)		
** - Includes		
(a) Contingent liability on Forward Exchange Contracts	457,788,582	384,868,019
(b) Contingent liability for Derivatives	366,483,928	225,793,740

@ - includes ₹ 3,098,654 Thousands (Previous Year : ₹ 2,796,757 Thousands) being amount transferred to DEA Fund Cell, RBI and outstanding, as per RBI circular DBOD.No.DEAF Cell.BC.114/30.01.002/2013-14 (Refer Note 1.8 of Schedule 18).

THE FEDERAL BANK LIMITED
SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT
SCHEDULE 13 - INTEREST EARNED

	(₹ in Thousands)	
	Year ended March 31, 2024	Year ended March 31, 2023
I. Interest/discount on advances/bills	177,345,214	134,918,414
II. Income on investments	36,916,182	27,955,686
III. Interest on balances with Reserve Bank of India and other inter-Bank funds	3,388,721	2,062,522
IV. Others*	4,232,456	3,099,716
Total	221,882,573	168,036,338

* - Includes interest on Income tax refunds amounting to ₹ 195,809 Thousands (Previous year ₹ Nil) accounted based on assessment orders received.

SCHEDULE 14 - OTHER INCOME

	(₹ in Thousands)	
	Year ended March 31, 2024	Year ended March 31, 2023
I. Commission, exchange and brokerage	22,404,829	18,021,479
II. Profit on sale of investments (Net)	2,465,551	775,334
III. Profit / (Loss) on revaluation of investments (Net)	289,792	(478,109)
IV. Profit / (Loss) on sale of land, buildings and other assets (Net)	84,332	8,228
V. Profit on foreign exchange/derivative transactions (Net)	2,106,429	2,971,391
VI. Income earned by way of dividends etc. from subsidiaries / associates and / or joint ventures abroad / in India.	165,846	83,748
VII. Miscellaneous income**	3,275,938	1,917,935
Total	30,792,717	23,300,006

** - Includes Recoveries in assets written off ₹ 1,475,138 Thousands (Previous year ₹ 1,407,335 Thousands)

SCHEDULE 15 - INTEREST EXPENDED

	(₹ in Thousands)	
	Year ended March 31, 2024	Year ended March 31, 2023
I. Interest on deposits	126,994,227	86,130,177
II. Interest on Reserve Bank of India/Inter Bank borrowings	1,839,455	906,535
III. Others	10,114,072	8,678,024
Total	138,947,754	95,714,736

SCHEDULE 16 - OPERATING EXPENSES

	(₹ in Thousands)	
	Year ended March 31, 2024	Year ended March 31, 2023
I. Payments to and provisions for employees	28,230,905	21,730,020
II. Rent, taxes and lighting	4,509,137	3,719,346
III. Printing and stationery	559,665	501,645
IV. Advertisement and publicity	360,426	391,789
V. Depreciation on Bank's property	2,151,484	1,646,071
VI. Directors' fees, allowances and expenses	45,165	34,762
VII. Auditors' fees and expenses (including branch auditors)	46,826	52,562
VIII. Law charges	240,755	207,059
IX. Postage, Telegrams, Telephones etc	1,322,298	1,139,026
X. Repairs and maintenance	892,583	916,082
XI. Insurance	2,832,900	2,296,985
XII. Other expenditure#	20,790,550	15,042,308
Total	61,982,694	47,677,655

- Includes Corporate Social Responsibility expenditure amounting to ₹ 575,507 Thousands (Previous Year: ₹ 438,803 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, 2024
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 1,504 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 Depository 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 for Trading (HFT)
- Available for Sale (AFS) and
- Held to Maturity (HTM)

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

Investments which the Bank intends to hold till maturity are classified as "Held to Maturity". Investments which are primarily held for sale within 90 days from the date of purchase are classified as "Held for Trading". As per RBI guidelines, HFT Securities which remain unsold for a period of 90 days are classified as AFS Securities on that date.

Investments which are not classified in either of the above two categories are classified as "Available for Sale."

Transfer of securities between Categories

Transfer of securities between categories of investments is accounted as per RBI Guidelines.

Acquisition Cost

In determining the acquisition cost of the Investment:

- Transaction costs including brokerage and commission pertaining to acquisition of Investments are charged to the Profit and Loss Account.
- Broken period interest is charged to the Profit and Loss Account.
- Cost of investments is computed based on the weighted average cost method.

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SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)
Valuation

The valuation of investments is made in accordance with the RBI Guidelines as follows:

- a. Held for Trading /Available for Sale – Investments classified under the AFS and HFT categories are marked-to-market. The 'market value' for quoted securities included under AFS and HFT categories 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). Net depreciation, if any, within each category of each investment classification is recognized in Profit and Loss Account. The net appreciation, if any, under each category of each investment classification is ignored. The depreciation on securities acquired on conversion of outstanding loan is provided in accordance with RBI guidelines. Depreciation on the securities acquired by way of conversion of outstanding loan (restructured) is not offset against the appreciation in other securities. Except in cases where provision for diminution other than temporary is created, the Book value of individual securities is not changed consequent to the periodic valuation of Investments.
- b. Held to Maturity– These are carried at their acquisition cost. Any premium on acquisition is amortized over the remaining maturity period of the security on a straight-line basis. Any diminution, other than temporary, in the value of such securities is provided for.
- c. Treasury Bills, Commercial paper and Certificate of Deposits being discounted instruments, are valued at carrying cost.
- d. Units of Mutual Funds are valued at the latest repurchase price/net asset value declared by Association of Mutual Funds in India (AMFI).
- e. Market value of investments where current quotations are not available, is determined as per the norms prescribed by the RBI as under:
 - In case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the Yield to Maturity (YTM) for Government Securities as published by FBIL and suitably marked up for credit risk published by FIMMDA applicable to the

credit rating of the instrument. The matrix for credit risk mark-up for each category and credit ratings along with residual maturity issued by FIMMDA are adopted for this purpose.

- Pass Through Certificates ('PTC') including Priority Sector PTCs are valued as per extant FIMMDA guidelines
- In case of bonds and debentures (including Pass Through Certificates or PTCs) where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI.
- Equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at ₹1/- per company based on the stipulated norms as per RBI circular.
- Units of Venture Capital Funds (VCF) held under AFS category where current quotations are not available are marked to market based on the Net Asset Value (NAV) shown by VCF as per the latest audited financials of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹1/- per VCF. Investment in unquoted VCF are categorized under HTM category for the initial period of three years and valued at cost as per RBI guidelines.
- Investments in Security Receipts are valued as per the latest NAV obtained from issuing Asset Reconstruction Companies, subject to floor provision requirements as per the extant asset classification and provisioning norms as applicable to the underlying loans as per RBI guidelines.
- f. Investments in subsidiaries/associates as per RBI guidelines are categorized as HTM and assessed for impairment to determine permanent diminution, if any.
- g. The Bank follows settlement date method of accounting for purchase and sale of investments.
- h. 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

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investments is not reckoned in Profit and Loss Account until it is received.

Disposal of Investments

- a. Held for Trading and Available for Sale – Profit or loss on sale / redemption is included in the Profit and Loss Account.
- b. Held to Maturity – 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 in accordance with the RBI Guidelines. Loss on sale / redemption is charged to the Profit and Loss Account.

Repurchase and Reverse Repurchase Transactions

In accordance with the RBI guidelines, repurchase (Repo) and reverse repurchase (Reverse Repo) transactions in government securities and corporate debt securities including those conducted under the Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI are accounted as collateralised borrowing and lending respectively. Balance in Repo Account is classified under Schedule 4 -Borrowings. Balance in Reverse Repo account with RBI is classified under Schedule 6 (II) (ii) - Balance with RBI in Other accounts. Other balances in Reverse Repo Accounts with original tenor of 14 days or less are classified under Schedule 7 -Balance with Banks and Money at call & short notice. While Reverse Repos with original maturity more than 14 days are classified under Schedule 9 -Advances. Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions is accounted as interest income.

Short Sales

In accordance with the RBI guidelines, the Bank undertakes short sale transactions in Central Government dated securities. The Short Sales positions are reflected in 'Securities Short Sold ('SSS') A/C, specifically created for this purpose. The short position is categorised under HFT category and netted off from investments in the Balance Sheet. These positions are marked -to-market and resultant gains/losses are accounted for as per the relevant RBI guidelines for valuation of Investments discussed earlier.

4.2 Advances

Classification

Advances are classified into Standard Assets and Non-Performing Assets ('NPAs') as per the RBI guidelines and are stated net of bills rediscounted, inter-Bank participation certificates issued with risk sharing, specific

provisions made towards NPAs, floating provisions and unrealized interest on NPAs. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria as per Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances (IRAC) issued by RBI. Interest on Non-Performing advances is transferred to an unrealized interest account and not recognized in Profit and Loss Account until received.

Provisioning

The Bank has made provision for Non-Performing Assets as stipulated under Reserve Bank of India (RBI) norms.

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".

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 (IRAC), the account is upgraded to standard only after the specified period/ monitoring period, subject to satisfactory performance of the account during the period.

The Bank makes additional provisions as per RBI's guidelines on 'Prudential Framework on Resolution of Stressed Assets' dated June 7, 2019 on accounts in default and with aggregate exposure above the threshold limits as laid down in the said framework where the resolution plan is not implemented within the specified timeline.

Additional provision for restructured accounts as per the relevant restructuring scheme announced by RBI for Micro, Small and Medium (MSME) sector, accounts affected by natural calamities and as per COVID 19 resolution frameworks are made as per extant RBI guidelines.

Provision for Unhedged Foreign Currency Exposure (UFCE) of borrower entities is made in accordance with

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the guidelines issued by RBI, which requires the Bank to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskiness of unhedged position of those entities. The Provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

The Bank makes additional provisions on loans to specific borrowers in specific stressed sectors, provision on incremental exposure to borrowers identified as per RBI's large exposure framework and on projects where Date of Commencement of Commercial Operations is delayed, as per RBI guidelines.

In respect of borrowers classified as non-cooperative and wilful defaulters, the Bank makes accelerated provisions as per extant RBI guidelines.

Loans reported as fraud are classified as loss assets, and fully provided immediately without considering the value of security.

4.3 Securitisation and transfer of assets

The Bank enters into purchase of corporate and retail loans through direct assignments route and the same is accounted as per extant RBI guidelines.

The Bank transfers advances through inter-Bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating; the aggregate amount of participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from Banks under advances.

In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e., book value less provisions held), the shortfall is charged to the Profit and Loss Account and if the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received. Further, such reversal shall be limited to the extent to which cash received exceeds the net book value of the loan at the time of transfer as per RBI guidelines.

4.4 Country risk

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country). The countries are categorised into seven risk categories namely insignificant, low, moderately low, moderate, moderately high, high, very high as per Export Credit

Guarantee Corporation of India Limited (ECGC) guidelines and provision is made in respect of the country where the net funded exposure is 1% or more of the Bank's total funded assets.

4.5 Priority Sector Lending Certificates (PSLC)

The Bank vide RBI circular FIDD.CO.Plan.BC.23/04.09.01/2015-16 dated April 07, 2016 trades in priority sector portfolio by selling or buying PSLC. In the case of a sale transaction, the Bank sells the fulfillment of priority sector obligation and in the case of a purchase transaction the Bank buys the fulfillment of priority sector obligation through RBI trading platform. There is no transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the fee received from the sale of PSLCs is treated as 'Other Income'.

4.6 Transactions involving foreign exchange

In respect of domestic operations:

- Foreign currency income and expenditure items are translated at the exchange rates prevailing on the date of the transaction.
- Foreign currency monetary items are translated at the closing exchange rates notified by Foreign Exchange Dealers Association of India (FEDAI) as at the Balance sheet date.
- The resulting net valuation profit or loss is recognized in the Profit and Loss Account.

In respect of Non-Integral Foreign Branches:

- Income and expenditure items are translated at quarterly average closing rates.
- Both Monetary and Non- Monetary foreign currency Assets and liabilities are translated at closing exchange rates notified by Foreign Exchange Dealers Association of India (FEDAI) at the Balance Sheet date.
- The resulting profit/loss arising from exchange differences are accumulated in Foreign Currency Translation Reserve until remittance or the disposal of the net investment in the non-integral foreign operations in accordance with AS-11. Any realised gains or losses on such disposal are recognised in the Profit and Loss Account.

Valuation of Foreign Exchange Spot and Forward Contracts

- Foreign exchange spot and forward Contracts (Other than the forwards / swaps marked under Funding category) outstanding as at the Balance Sheet date are revalued at the closing Spot and Forward Rates

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respectively as notified by FEDAI and at interpolated / extrapolated rates for contracts of interim maturities.

- For valuation of contracts having longer maturities i.e. greater than one year, the forward points (for rates/ tenures not published by FEDAI) are obtained from Reuters for valuation of the FX Deals.
- As per directions of FEDAI, the profit or loss is considered on present value basis by discounting the forward profit or loss till the valuation date using discounting yields. The resulting profit or loss on valuation is recognized in the Profit and Loss Account.

Foreign exchange swaps taken for funding purposes is amortized and recognized as interest income / interest expense in the Profit and Loss Account.

Contingent liabilities on account of foreign exchange contracts, guarantees, letters of credit, acceptances and endorsements are reported at closing rates of exchange notified by FEDAI as at the Balance Sheet date.

4.7 Derivative transactions

The Bank recognizes all derivative contracts at fair value, on the date on which the derivative contracts are entered into and are re-measured at fair value as at the Balance sheet or reporting dates. Derivatives are classified as assets when the fair value is positive (Positive marked-to-market) or as liabilities when the fair value is negative (negative marked-to-market). Changes in the fair value of derivatives are recognized in the Profit and Loss Account. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of the transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge derivative transactions are accounted for in accordance with the hedge accounting principles. When applying fair value hedge accounting, the hedging instrument and hedged items are measured at fair value with changes in fair value recognised in the Profit and Loss Account.

In case of cash flow hedge, the hedging instrument is measured at fair value, but any gain or loss that is determined to be an effective hedge is recognised in Reserves and Surplus under cash flow hedge reserve and ineffective portion of an effective hedging relationship, if any, is recognised in the Profit and Loss Account. In order to match the gains and losses of the hedged item and the hedging instrument in Profit and Loss Account, the changes in fair value of the hedging instrument recognised in cash flow hedge reserve is transferred from cash flow

hedge reserve and recognised in Profit and Loss Account at the same time that the impact from the hedged item is recognised in the Profit and Loss Account.

4.8 Revenue Recognition

- Interest income is recognised in the Profit and Loss Account on an accrual basis in accordance with AS – 9, 'Revenue Recognition' as notified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounting Standards) Rules, 2021 and the RBI guidelines, except interest income on non-performing assets which is recognised upon receipt basis as specified in RBI guidelines.
- Interest on income tax refund is recognised in the year of receipt of Assessment Orders.
- The recoveries made from NPA accounts are appropriated based on "first in first out" policy; i.e. the earliest entry shall be realized first. If different entries are made in the account on the same day, the realization shall be in the order of charges, interest, and principal.
- Processing fees collected on loans disbursed, along with related loan acquisition costs are recognised at inception/ renewal of the loan.
- Income on discounted instruments is recognised over the tenure of the instrument on a straight-line basis.
- Guarantee commission, commission on letter of credit and annual locker rent fees, are recognised on a straight-line basis over the period of contract. Other fees and commission income are recognised when due, except in cases where the Bank is uncertain of ultimate collection.
- Dividend on Equity Shares and Preference Shares is recognised as income when the right to receive the dividend is established.
- Loan Syndication fee is accounted for on completion of the agreed service and when right to receive is established.
- In compromise settlement cases, sacrifice on settlement is accounted upfront.
- Unpaid funded interest on term loans are accounted on realisation as per the guidelines of RBI.
- The difference between the sale price and purchase cost of gold coins, received on consignment basis is

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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	8 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, switches 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

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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, 2024 (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) and the same is in consonance as per the provisions and requirements under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. The Schemes provided for grant of options to Employees and whole time Directors of the Bank to acquire Equity Shares of the Bank that vest in a graded manner and that are to be exercised within a specified period.

In accordance with the SEBI Guidelines and the Guidance Note on "Accounting for Share-based payments" issued by the ICAI, the Bank follows 'Intrinsic value method' for accounting of ESOS based on which, the excess, if any, of the closing market price of the share on the date preceding the date of grant of the option under ESOS over the exercise price of the option is amortized on a straight line basis over the vesting period.

The market price is the latest available closing price, prior to the date of grant, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

However, the stock options granted to Material risk takers, after March 31, 2021, are accounted as per 'Fair value method' using Black-Scholes model, which is recognized as compensation expense over the vesting period in line with extant RBI guidelines.

4.15 Employee Stock Incentive Scheme

The Bank has formulated the Federal Bank Limited Employee Stock Incentive Scheme 2023 (ESIS 2023) in accordance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI Regulations") and other applicable laws. The Scheme provided for grant of options to Employees and whole time Directors of the Bank to acquire Equity Shares of the Bank that vest in a graded manner and that are to be exercised within a specified period.

Stock options under this scheme are granted at face value of shares. Options granted under this scheme are accounted as per 'Fair value method' using Black-Scholes model in accordance with the SEBI Guidelines and the Guidance Note on "Accounting for Share-based payments" issued by the ICAI.

4.16 Debit and Credit card reward points

The Bank runs a loyalty program which seeks to recognize and reward customers based on their relationship with the

Bank. Under the program, eligible customers are granted loyalty points redeemable in future, subject to certain conditions. The Bank estimates the probable redemption of such loyalty/reward points using an actuarial method on a quarterly basis by employing independent actuary, which includes assumptions such as mortality, redemption, spends, discount rate, value of reward points etc. Provision for said reward points is then made based on the actuarial valuation report as furnished by the said independent Actuary and such costs are recognized in the Profit and Loss Account and liabilities on the outstanding reward points as at the Balance Sheet date is included in 'Others' under Schedule 5 - Other liabilities and provisions.

4.17 Taxation

Income tax expense is the aggregate amount of current tax expense and the net change in the deferred tax asset or liability during the year. The current tax expense and deferred tax expense is determined in accordance with the provisions of the Income Tax Act, 1961, the rules framed there under and considering the material principles set out in Income Computation and Disclosure Standards and as per Accounting Standard 22 - "Accounting for Taxes on Income" issued by the ICAI, as notified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounting Standards) Rules, 2021.

Deferred income taxes reflect the impact of current year timing differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets and liabilities are measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax assets are recognized for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that 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.

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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 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

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/ Wholesale Banking', 'Retail Banking' and 'Other banking operations.

- Treasury' includes the entire investment portfolio of the Bank.
- Retail Banking include exposures which fulfill the four criteria of orientation, product, granularity, and low value of individual exposures for retail exposures laid down in Master Directions on Basel III: Capital Regulations. Individual housing loans also form part of Retail Banking segment. Further, 'Digital Banking' has been identified as a sub-segment of the existing 'Retail Banking' segment as per Reserve Bank of India (RBI) guidelines.
- Corporate / Wholesale Banking include all advances to trusts, partnership firms, companies, and statutory bodies, which are not included under 'Retail Banking'.
- Other Banking Business includes all other banking operations not covered under 'Treasury, 'Wholesale Banking' and 'Retail Banking' segments. It also includes all other residual operations such as para banking transactions / activities.

4.24 Accounting for Dividend

In terms of Accounting Standard 4 - "Contingencies and Events occurring after the Balance sheet date" issued by the ICAI, as prescribed under Section 133 of the Companies Act, 2013 read together with the Companies (Accounting Standards) Rules, 2021, the Bank does not account for proposed dividend or Dividend declared after balance sheet date as a liability through appropriation from Profit and Loss Account in current year balance sheet. This is disclosed in the notes to accounts. The same is recognized in the year of actual payout post approval of shareholders. However, the Bank reckons proposed dividend in determining capital funds in computing the capital adequacy ratio.

4.25 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, balances with Reserve Bank of India and Balances with Other Banks / institutions and money at call and short notice (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency).

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SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024
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, 2024 are denominated in Rupees Crore to conform to extant RBI guidelines except where stated otherwise.

1.1 REGULATORY CAPITAL
1.1. A. Capital To Risk-Weighted Assets Ratio (Capital Adequacy Ratio)

The Bank computes Capital Adequacy Ratio as per Basel III Capital Regulations issued by RBI. Under Basel III Capital Regulations, on an on-going basis, the Bank has to maintain a Minimum Total Capital (MTC) of 11.50% (previous year 11.50%) including Capital Conservation Buffer (CCB) at 2.50% (previous year 2.50%) of the total risk weighted assets (RWA). Out of the MTC, at least 8.00% (previous year 8.00%), shall be from Common Equity Tier 1 (CET1) capital and at least 9.50% (previous Year 9.50%) from Tier 1 capital, including 2.50% (previous year 2.50%) towards CCB.

The Composition of Regulatory Capital of the Bank is set out below:

		(Amount in ₹ Crore)	
Sr. No.	Particulars	As at March 31, 2024	As at March 31, 2023
i)	Common Equity Tier 1 Capital (CET 1) *	27,707.50	20,431.35
ii)	Additional Tier 1 capital	-	-
iii)	Tier 1 Capital (i + ii)	27,707.50	20,431.35
iv)	Tier 2 Capital	2,888.59	2,813.15
v)	Total Capital (Tier 1+Tier 2)	30,596.09	23,244.50
vi)	Total Risk Weighted Assets (RWAs)	189,689.76	156,915.57
Capital Ratios			
vii)	CET 1 Ratio (CET 1 as a percentage of RWAs)	14.61%	13.02%
viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	14.61%	13.02%
ix)	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	1.52%	1.79%
x)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	16.13%	14.81%
xi)	Leverage Ratio	8.15%	7.18%
xii)	Percentage of the shareholding of the Government of India	-	-
xiii)	Amount of Paid Up Equity Capital raised during the year [#]	60.63	-
xiv)	Amount of Non - Equity Tier 1 Capital raised during the year	-	-
xv)	Amount of Tier 2 Capital raised during the year, of which:	-	995.00
a)	Basel III compliant Debt Capital instruments**	-	995.00
b)	Basel III compliant Preference Share Capital Instruments: [Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]	-	-

*Adjusted for proposed dividend of ₹ 1.20 per share (previous year: ₹ 1.00 per share). (Refer Note 3.2.E)

[#]**Capital Infusion:** During the year, the Bank had issued 230,477,634 equity shares of ₹ 2 each for cash pursuant to a Qualified Institution Placement (QIP) as per the relevant provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 at ₹ 131.90 per share aggregating to ₹ 3,040.00 Crore (including share premium). This resulted in an increase of ₹ 46.10 Crore in share capital and ₹ 2,954.17 Crore (net of issue expenses) in share premium account (previous year Nil)

During the year, Bank had issued 72,682,048 equity shares of ₹ 2 each for cash pursuant to a preferential allotment as per the relevant provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 at ₹ 131.91 per share aggregating to ₹ 958.75 Crore (including share premium). This resulted in an increase of ₹ 14.53 Crore in share capital and ₹ 943.62 Crore (net of share issue expenses) in share premium account. (previous year Nil).

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SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

Note:

- During the year, the Bank has allotted 15,991,113 (previous year 13,637,270) equity shares consequent to exercise of ESOS vested. Accordingly, the share capital increased by ₹ 3.20 Crore (previous year ₹ 2.73 Crore) and share premium account increased by ₹ 143.73 Crore (previous year ₹ 92.40 Crore).
- During the previous year, the share capital of the Bank increased by ₹ 0.35 Lakhs and share premium account increased by ₹ 8.40 Lakhs consequent to allotment of 17,500 shares pertaining to Rights issue of 2007, which were kept in abeyance following Orders from Courts. Further, the share capital increased by ₹ 0.04 Lakhs and share premium account increased by ₹ 0.53 Lakhs consequent to receipt of calls in arrears pertaining 2,500 shares.

The details of the movement in the paid-up equity share capital of the Bank are given below:

		(Amount in ₹ Crore)	
Particulars	March 31, 2024	March 31, 2023	
Opening Balance	423.24	420.51	
Addition pursuant to employee stock options/Release of rights kept in abeyance/Receipt of calls in arrears	3.20	2.73	
Addition pursuant to Qualified Institutional Placement	46.10	-	
Addition pursuant to preferential allotment	14.53	-	
Closing Balance	487.07	423.24	

**During the year ended March 31, 2024, the Bank had not raised Tier 2 capital by way of issuance of Tier 2 Bonds. Details of Unsecured Basel III compliant Tier 2 Bonds issued are given below:

Particulars	March 31, 2024	March 31, 2023
Instrument	-	Subordinated Debt
Capital	-	Tier 2
Date of Maturity	-	March 29, 2033
Period	-	10 Years
Coupon	-	8.84%
Amount in ₹ Crore	-	995.00

During the year ended March 31, 2024 and March 31, 2023 the Bank has not redeemed debt instruments eligible for Tier-1/Tier-2 capital.

In accordance with RBI Guidelines banks are required to make Consolidated Pillar 3 and Net Stable Funding Ratio (NSFR) disclosures under Basel III capital regulations. The Bank has made these disclosures and the same is available in Bank's website at the following link: <https://www.federalbank.co.in/regulatory-disclosures>. The disclosures have not been subjected to audit.

1.1. B. Reserves and Surplus
Statutory Reserve

During the year ended March 31, 2024, the Bank had appropriated ₹ 930.15 crore (previous year: ₹ 752.65 Crore) out of profits for the year ended March 31, 2024 to the Statutory Reserve in terms of sections 17 of the Banking Regulation Act, 1949 and RBI guidelines.

Capital Reserve

During the year ended March 31, 2024, the Bank had appropriated ₹ 81.76 Crore (previous year: ₹ 11.32 Crore), being the profit from sale or redemption of investments under HTM category 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.

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SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

1.2.2. Repo Transactions

Details of securities sold/purchased (in face value terms) during the year ended March 31, 2024 under repos/ reverse repos:

Particulars	(Amount in ₹ Crore)			
	Outstanding during the year			Outstanding as on March 31, 2024
	Minimum	Maximum	Daily Average	
A.1 Securities sold under RBI Repo				
a) Government Securities	-	2,851.00	195.77	2,851.00
b) Corporate Debt Securities	-	-	-	-
c) Any other securities	-	-	-	-
A.2 Securities purchased under RBI Reverse Repo				
a) Government Securities	-	1,943.00	75.69	-
b) Corporate Debt Securities	-	-	-	-
c) Any other securities	-	-	-	-
B.1 Securities sold under Market Repo				
a) Government Securities	-	2,376.76	412.27	193.07
b) Corporate Debt Securities	-	-	-	-
c) Any other securities	-	-	-	-
B.2 Securities purchased under Reverse Market Repo				
a) Government Securities	-	1,896.09	118.33	-
b) Corporate Debt Securities	-	-	-	-
c) Any other securities	-	-	-	-
C.1 Securities sold under TREPS				
a) Government Securities	-	3,516.30	1,371.43	93.05
b) Corporate Debt Securities	-	-	-	-
c) Any other securities	-	-	-	-
C.2 Securities purchased under TREPS				
a) Government Securities	-	1,599.72	81.27	449.05
b) Corporate Debt Securities	-	-	-	-
c) Any other securities	-	-	-	-

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Details of securities sold/purchased (in face value terms) during the year ended March 31, 2023 under repos/ reverse repos:

Particulars	(Amount in ₹ Crore)			Outstanding as on March 31, 2023
	Outstanding during the year			
	Minimum	Maximum	Daily Average	
A.1 Securities sold under RBI Repo				
a) Government Securities	-	350.00	7.51	-
b) Corporate Debt Securities	-	-	-	-
c) Any other securities	-	-	-	-
A.2 Securities purchased under RBI Reverse Repo				
a) Government Securities	-	7,900.00	2,190.08	1,600.00
b) Corporate Debt Securities	-	-	-	-
c) Any other securities	-	-	-	-
B.1 Securities sold under Market Repo				
a) Government Securities	-	3,842.59	1,307.61	508.06
b) Corporate Debt Securities	-	-	-	-
c) Any other securities	-	-	-	-
B.2 Securities purchased under Reverse Market Repo				
a) Government Securities	-	1,555.80	165.71	-
b) Corporate Debt Securities	-	-	-	-
c) Any other securities	-	-	-	-
C.1 Securities sold under TREPS				
a) Government Securities	-	3,398.14	1,793.49	3,398.11
b) Corporate Debt Securities	-	-	-	-
c) Any other securities	-	-	-	-
C.2 Securities purchased under TREPS				
a) Government Securities	-	1,499.38	68.45	499.26
b) Corporate Debt Securities	-	-	-	-
c) Any other securities	-	-	-	-

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SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

1.2.3. Details of Non-SLR investment portfolio –

a) Issuer composition as at March 31, 2024 of Non-SLR investments

(Amount in ₹ Crore)

Sl. No	Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities**	Extent of 'unrated' securities**	Extent of 'unlisted' Securities**
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Public Sector Undertakings	81.50	81.50	-	-	-
2	Financial Institutions	1,298.47	908.56	-	-	-
3	Banks	952.87	844.87	-	-	-
4	Private Corporates	1,366.06	633.65	-	-	100.00
5	Subsidiaries / Joint ventures	892.62	892.62	-	-	5.00
6	Others*	4,941.74	2,372.50	-	-	5.00
7	Less: Provision / depreciation on standard investments	438.60				
8	Less: Provision held towards non-performing investments	75.50				
Total		9,019.16	5,733.70	-	-	110.00

Amounts reported under column (4), (5), (6) and (7) above are not mutually exclusive.

* Includes Investments in Non-SLR government securities amounting to ₹ 3.20 Crore.

** Excludes investments in Equity Shares, Commercial Papers, Certificates of Deposit, Pass through certificates, Security Receipts, Securities acquired by way of conversion of debt and Units issued by Venture Capital in line with extant RBI guidelines.

Issuer composition as at March 31, 2023 of Non-SLR investments

(Amount in ₹ Crore)

Sl. No	Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities**	Extent of 'unrated' securities**	Extent of 'unlisted' Securities**
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Public Sector Undertakings	56.50	56.50	-	-	-
2	Financial Institutions	1,010.47	483.71	-	-	-
3	Banks	695.91	564.23	-	-	-
4	Private Corporates	266.30	252.40	-	-	100.00
5	Subsidiaries / Joint ventures	908.50	908.50	-	-	5.00
6	Others*	4,168.97	1,404.52	-	-	5.00
7	Less: Provision / depreciation on standard investments	440.98				
8	Less: Provision held towards non-performing investments	77.86				
Total		6,587.81	3,669.86	-	-	110.00

Amounts reported under column (4), (5), (6) and (7) above are not mutually exclusive.

* Includes Investments in Non-SLR government securities amounting to ₹ 2.45 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.

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SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

b) Non-SLR investments category-wise (Net of Provisions):

(Amount in ₹ Crore)

Particulars	March 31, 2024	March 31, 2023
Shares	595.49	552.52
Debentures and Bonds	3,292.68	2,347.80
Subsidiaries/Joint Ventures	652.92	668.80
Others *	4,465.82	2,883.72
Investment outside India**	12.25	134.97
Total	9,019.16	6,587.81

* Includes investment in certificate of deposits, Commercial papers, Mutual Funds, Pass through certificates, Security Receipts and Venture Capital Fund.

** Includes Investments in Non-SLR government securities amounting to ₹ 3.20 Crore (Previous year: ₹ 2.45 Crore).

c) Non-performing Non-SLR investments:

(Amount in ₹ Crore)

Particulars	March 31, 2024	March 31, 2023
Opening Balance	78.25	100.20
Additions during the year	-	-
Additions due to transfer (to) / from loan loss provision	-	28.14
Reductions during the year	2.75	50.09
Transfer (to) / from Overdue Investments	-	-
Closing Balance	75.50	78.25
Total Provisions held	75.50	77.86

1.2.4. Sale and transfers to/ from HTM Category

During the years ended March 31, 2024 and March 31, 2023, the value of sales/transfers of securities to/from HTM category (excluding one-time transfer of securities and sales to RBI under OMO auctions) was within 5% of the book value of investments held in HTM category at the beginning of the respective years.

1.2.5 Government Security Lending (GSL) transactions

During the years ended March 31, 2024 and March 31, 2023, Bank has not participated in GSL transactions.

1.3. DERIVATIVES

Disclosure in respect of Outstanding Interest Rate Swaps (IRS) and Forward Rate Agreement (FRA)

1.3.1 A) Exchange Traded Interest Rate Derivatives:

(Amount in ₹ Crore)

Sl. No	Particulars	March 31, 2024	March 31, 2023
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year		
a)	6.10 G-Sec 2031(NSE)	-	70.40
b)	6.10 G-Sec 2031(BSE)	-	-
c)	5.85 G-Sec 2030 (NSE)	-	-
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding	-	-
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective"	-	-
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and "highly effective"	-	-

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1.3.1. B) The Bank had dealt in exchange traded currency futures during the financial year ended March 31, 2024 and March 31, 2023. As at March 31, 2024, the notional principal amount outstanding on open contracts is ₹ 15,243.70 Crore (Previous year: ₹ 3,153.01 Crore).

1.3.1. C) The credit exposure with clients, as compared to inter-Bank counterparties, are generally secured by permitted collaterals. The credit exposure includes exposure arising out of swap contracts. However, generally, the collaterals provided by the clients are not specifically earmarked towards derivatives or swaps. Hence the amount of exposure is arrived conservatively without netting with the collateral.

1.3.2. A) Forward Rate Agreement (FRA)/ Interest Rate Swap (IRS)

Disclosure in respect of Outstanding Interest Rate Swaps (IRS) and Forward Rate Agreement (FRA)

(Amount in ₹ Crore)

Particulars	March 31, 2024	March 31, 2023
(i) The notional principal of swap agreements	22,036.37	11,080.00
(ii) Losses which would be incurred if counter parties failed to fulfil their obligations under the agreements	2.23	0.17
(iii) Collateral required by the Bank upon entering into swaps	-	-
(iv) Concentration of credit risk arising from the swaps	219.92	109.08
(v) The fair value of the swap book	(44.27)	4.53

The nature and terms of the IRS as on March 31, 2024 are set out below:

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	471	₹ 9,980.00 Crore	MIOIS	Fixed payable v/s floating receivable
Trading	451	₹ 9,805.00 Crore	MIOIS	Fixed receivable v/s floating payable
Trading	4	₹ 191.52 Crore	Fixed Vs 1M/ON SOFR	Fixed receivable v/s floating payable
Trading	3	₹ 166.55 Crore	Fixed Vs 1M SOFR	Fixed payable v/s floating receivable
Trading	4	₹ 138.30 Crore	O/N SOFR Vs 6M SOFR	Floating payable v/s floating receivable
Trading	36	₹ 1,755.00 Crore	FBIL yield	Sell FRA

The nature and terms of the IRS as on March 31, 2023 are set out below:

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	225	₹ 5,475.00 Crore	MIOIS	Fixed payable v/s floating receivable
Trading	229	₹ 5,605.00 Crore	MIOIS	Fixed receivable v/s floating payable
Trading	Nil	Nil	USD LIBOR 3M	Fixed receivable v/s floating payable
Trading	Nil	Nil	USD LIBOR 3M	Fixed receivable v/s floating payable

1.3.2.B) Credit default swaps: The Bank has not undertaken any transactions in Credit Default Swaps (CDS) during the years ended March 31, 2024 and March 31, 2023.

1.3.3. Disclosure on Risk exposure in Derivatives

Qualitative disclosures:

(a) Structure and organization for management of risk in derivatives trading, the scope and nature of risk measurement, risk reporting and risk monitoring systems, policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants:

Derivatives are financial instruments whose characteristics are derived from underlying parameter's like interest rates, exchange rates or indices. The Bank undertakes over the counter and exchange traded derivative transactions for Balance Sheet management and also for proprietary trading. Bank offers derivative products to the customers to enable them to hedge their exposure within the prevalent regulatory guidelines. Proprietary trading includes Interest Rate Futures, Currency Futures, Non Deliverable Forwards and Rupee Interest Rate Swaps under different benchmarks (viz. MIBOR, MIFOR etc.) in over the counter/exchange traded derivatives.

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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)

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SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

etc. but if a Credit Support Annexure (CSA) is signed then collateral is insisted as per the terms of CSA agreement. For deals with Corporate Clients appropriate collateral security/margin etc. is stipulated wherever considered necessary as per the CSA agreement.

(d) Credit Risk Mitigation

In the Interbank Space the Bank deals with other major Banks and the default risk is perceived as low in this segment. Wherever the Credit Support Annexure (CSA) is signed the collateral is insisted as per the terms of the CSA agreement. This risk is managed under the limit framework laid down by the policy on Sovereign and Counterparty Bank Limits. Exposure against clients is mitigated by collecting proper collateral securities / margin as envisaged by the credit sanctioning team as per the CSA.

Quantitative Disclosures

(Amount in ₹ Crore)

Sl. No	Particulars	Currency Derivatives*		Interest rate Derivatives	
		Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024	Year ended March 31, 2023
(i)	Derivatives (Notional Principal Amount)				
a)	For hedging	-	-	-	-
b)	For trading	27,193.05	13,113.52	22,036.37	11,080.00
(ii)	Marked to Market positions				
a)	Asset (+)	130.27	179.39	97.50	79.61
b)	Liabilities (-)	91.94	129.98	141.78	75.08
(iii)	Credit Exposure	1,198.97	775.78	219.92	109.08
(iv)	Likely impact of one percentage change in interest rate (100*PV01)				
a)	on hedging derivatives	-	-	-	-
b)	on trading derivatives	-	-	177.40	5.25
(v)	Maximum and Minimum of 100*PV01 observed during the year				
a)	on hedging	-	-	-	-
b)	on trading	-	Max = 0.48 Min = 0.00	Max = 184.17 Min = 0.19	Max = 12.41 Min = 0.01

* 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, 2024 amounted to ₹ 2,209.73 Crore (previous year ₹ 2,638.33 Crore) and ₹ 21,292.74 Crore (previous year ₹ 24,959.01 Crore) respectively. For the trading contract, as at March 31, 2024 the marked to market position was asset of ₹ 301.30 Crore and liability of ₹ 278.56 Crore (previous year asset ₹ 519.38 Crore and liability of ₹ 457.43 Crore). Credit exposure on forward exchange contracts classified as Hedging and Trading as at March 31, 2024 amounted to ₹ 57.24 Crore (previous year ₹ 53.42 Crore) and ₹ 1,001.24 Crore (previous year ₹ 1,154.85 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:
 - The current replacement cost (Marked to Market value including accruals of the contract) or zero whichever is higher.
 - 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.

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SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

1.4. ASSET QUALITY
1.4.1. A1. Classification of advances and provisions held as on March 31, 2024

(Amount in ₹ Crore)

	Standard		Non-Performing			Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
Gross Standard Advances and NPAs						
Opening Balance	173,192.76	1,017.07	2,721.41	445.29	4,183.77	177,376.53
Add: Additions during the year					1,741.53	
Less: Reductions during the year*					1,396.43	
Closing balance	208,093.79	1,145.95	2,865.77	517.15	4,528.87	212,622.66
*Reductions in Gross NPAs due to:						
(i) Upgradation					354.02	
(ii) Recoveries (excluding recoveries from upgraded accounts)					895.32	
(iii) Technical / Prudential write offs					-	
(iv) Write-offs other than those under (iii) above					45.28	
(v) Reduction by Sale of Assets to ARCs					101.81	
(vi) Reduction by conversion into debt / equity					-	
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	1,435.66	303.94	2,111.24	445.29	2,860.47	4,296.13
Add: Fresh provisions made during the year					1,028.11	
Less: Excess provision reversed/ Write-off loans					738.44	
Closing balance of provisions held	1,233.66	345.26	2,287.73	517.15	3,150.14	4,383.80
Net NPAs*						
Opening Balance		713.13	491.88	-	1,205.01	
Add: Fresh additions during the year					713.41	
Less: Reductions during the year					663.09	
Closing Balance		800.68	454.65	-	1,255.33	
Floating Provisions						
Opening Balance						81.93
Add: Additional provisions made during the year						-
Less: Amount drawn down during the year						-
Closing balance of floating provisions						81.93
Technical write-offs and the recoveries made thereon						
Opening balance of Technical/ Prudential written-off accounts						3,115.21
Add: Technical/ Prudential write-offs during the year						-
Add: Change in balance of existing technically written off account due to exchange rate						3.13
Less: Recoveries made from previously technical/prudential written-off accounts during the year						116.87
Less: Reinstatement of technically written off accounts into advances/ Conversion of debt to investment or other securities						-
Less: Sacrifice made from previously technical/prudential written-off accounts during the year						197.71
Less: Reduction due to sale of NPAs to ARCs from previously technical/prudential written off accounts during the year						84.81
Closing balance						2,718.95

Note: 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.

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SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

Classification of advances and provisions held as on March 31, 2023

(Amount in ₹ Crore)

	Standard		Non-Performing			Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
Gross Standard Advances and NPAs						
Opening Balance	143,502.71	1,148.60	2,500.14	488.00	4,136.74	147,639.45
Add: Additions during the year					1,719.13	
Less: Reductions during the year*					1,672.10	
Closing balance	173,192.76	1,017.07	2,721.41	445.29	4,183.77	177,376.53
*Reductions in Gross NPAs due to:						
(i) Upgradation					423.24	
(ii) Recoveries (excluding recoveries from upgraded accounts)					865.81	
(iii) Technical / Prudential write offs					302.66	
(iv) Write-offs other than those under (iii) above					72.37	
(v) Reduction by Sale of Assets to ARCs					-	
(vi) Reduction by conversion into debt / equity					8.02	
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	1,302.76	368.11	1,785.83	488.00	2,641.94	3,944.70
Add: Fresh provisions made during the year					1,201.36	
Less: Excess provision reversed/ Write-off loans					982.83	
Closing balance of provisions held	1,435.66	303.94	2,111.24	445.29	2,860.47	4,296.13
Net NPAs*						
Opening Balance		780.48	612.14	-	1,392.62	
Add: Fresh additions during the year					499.65	
Less: Reductions during the year					687.26	
Closing Balance		713.13	491.88	-	1,205.01	
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						3,039.96
Add: Technical/ Prudential write-offs during the year					302.66	
Add: Change in balance of existing technically written off account due to exchange rate					14.81	
Less: Recoveries made from previously technical/ prudential written-off accounts during the year					131.82	
Less: Reinstatement of technically written off accounts into advances/ Conversion to investment or other securities					28.47	
Less: Sacrifice made from previously technical/ prudential written-off accounts during the year					81.93	
Less: Reduction due to sale of NPAs to ARCs from previously technical/prudential written off accounts during the year					-	
Closing balance						3,115.21

Note: 1. Movement is the aggregate of quarterly movement during the year.

* Computed as per Annex - 1 of RBI Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances.

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SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

1.4.1. A2 Details of accounts subjected to restructuring^{1,2}

(Amount in ₹ Crore except number of borrowers)

		Agriculture and allied activities		Corporates (excluding MSME)		Micro, Small and Medium Enterprises (MSME)		Retail (excluding agriculture and MSME)		Total	
		As on March 31, 2024	As on March 31, 2023	As on March 31, 2024	As on March 31, 2023	As on March 31, 2024	As on March 31, 2023	As on March 31, 2024	As on March 31, 2023	As on March 31, 2024	As on March 31, 2023
		Standard	Number of borrowers	18	52	4	4	24	28	101	233
	Gross Amount	1.14	4.42	10.27	18.54	33.46	49.57	4.62	15.65	49.49	88.18
	Provision held	0.05	0.20	0.53	0.93	1.06	1.79	0.23	0.76	1.87	3.68
Sub-standard	Number of borrowers	5	6	-	-	4	2	8	17	17	25
	Gross Amount	3.01	0.08	-	-	4.00	12.00	0.74	1.78	7.75	13.86
	Provision held	0.45	0.01	-	-	1.17	10.03	0.11	0.27	1.73	10.31
Doubtful	Number of borrowers	68	61	4	6	30	23	163	180	265	270
	Gross Amount	34.75	26.90	22.51	29.33	76.75	31.68	24.92	8.52	158.93	96.43
	Provision held	31.33	26.23	22.51	29.26	65.60	27.15	17.86	5.63	137.30	88.27
Loss	Number of borrowers	30	24	-	-	11	-	57	66	98	90
	Gross Amount	8.40	0.12	-	-	0.55	-	2.11	1.14	11.06	1.26
	Provision held	8.40	0.12	-	-	0.55	-	2.11	1.14	11.06	1.26
Total	Number of borrowers	121	143	8	10	69	53	329	496	527	702
	Gross Amount	47.30	31.52	32.78	47.87	114.76	93.25	32.39	27.09	227.23	199.73
	Provision held	40.23	26.56	23.04	30.19	68.38	38.97	20.31	7.80	151.96	103.52

Note:

- Accounts where resolution plan is implemented under RBI Resolution Framework for Covid-19 related stress as per RBI circular dated August 06, 2020 (Resolution Framework 1.0) and May 05, 2021 (Resolution Framework 2.0) are excluded.
- Technically written off accounts are excluded.

1.4.1. B. Significant Ratios

(in %)

Particulars	March 31, 2024	March 31, 2023
Gross non-performing assets as a percentage of gross advances	2.13	2.36
Net non-performing assets as a percentage of net advances.	0.60	0.69
Provision Coverage Ratio (Including Technical write-offs)	82.68	83.49
Provision Coverage Ratio (Excluding Technical write-offs)	71.08	70.02

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SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

1.4.2. Sector-wise Advances and Gross NPAs

(Amount in ₹ Crore)

Sl. No.	Sector	March 31, 2024			March 31, 2023		
		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	25,650.89	755.77	2.95	22,433.96	852.14	3.80
2.	Advances to industries sector eligible as priority sector lending	17,020.86	731.14	4.30	15,035.44	718.65	4.78
	Of which:						
	Food Processing	3,094.69	261.62	8.45	2,866.08	313.94	10.95
	Infrastructure	3,366.13	193.11	5.74	2,950.46	155.80	5.28
	Textiles	2,716.70	50.80	1.87	2,137.55	53.76	2.52
3.	Services	23,929.65	468.29	1.96	16,426.97	362.67	2.21
	Of which:						
	Real Estate	1,914.43	2.86	0.15	1,384.84	3.47	0.25
	Trade	6,656.98	210.49	3.16	5,228.55	148.03	2.83
4.	Personal loans	-	-	-	-	-	-
5.	Others	3,014.94	226.45	7.51	3,433.77	239.98	6.99
	Sub-total (A)	69,616.34	2,181.65	3.13	57,330.14	2,173.44	3.79
B Non-Priority Sector							
1.	Agriculture and allied activities	1,103.03	47.05	4.27	941.32	47.81	5.08
2.	Industry	34,043.37	250.39	0.74	26,740.82	231.16	0.86
	Of which:						
	Infrastructure	11,506.15	73.02	0.63	8,081.79	84.02	1.04
	Petroleum, Coal Products and Nuclear Fuels	3,367.58	0.50	0.01	1,858.77	0.50	0.03
3.	Services	38,970.26	687.13	1.76	37,645.18	782.71	2.08
	Of which:						
	Financial Intermediation	24,008.94	2.02	0.01	20,442.23	1.36	0.01
	Real Estate	4,806.31	30.53	0.64	4,330.29	31.64	0.73
	Trade	5,379.82	302.62	5.63	5,664.82	389.69	6.88
4.	Personal loans	5,355.98	255.66	4.77	3,005.09	143.05	4.76
5.	Others	63,533.68	1,106.99	1.74	51,713.98	805.60	1.56
	Sub-total (B)	143,006.32	2,347.22	1.64	120,046.39	2,010.33	1.67
	Total (A+B)	212,622.66	4,528.87	2.13	177,376.53	4,183.77	2.36

Note:

1. Disclosure of sub-sectors is made where the outstanding advances exceeds 10% of the outstanding total advances to that sector as per extant RBI Guidelines.
2. Previous year's figures are reclassified to conform to current period classification as per extant RBI Guidelines.

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SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

1.4.3. Details of Overseas Assets, NPAs and Revenue

During the year ended March 31, 2016 the Bank had commenced its operation, pursuant to RBI approval, in International Financial Services Centre (IFSC) Banking Unit (IBU) in Gujarat International Finance Tec City (GIFT City) and business transactions from the same are considered as a Foreign branch for most Regulatory purposes as per para 2.2 of Annex I of RBI Circular DBR.IBD.BC 14570/23.13.004/2014-15 dated April 01, 2015. Apart from the said IBU, the Bank did not have any overseas branch as on March 31, 2024 and March 31, 2023. Details of Assets, NPAs and Revenue of IBU are given below:

(Amount in ₹ Crore)

Particulars	March 31, 2024	March 31, 2023
Total Assets	3,569.10	3,098.75
Total NPAs	208.51	205.42
Total Revenue	219.91	94.55

1.4.4. Divergence in Asset classification and Provisioning for NPAs

The divergence observed by RBI for the financial years 2022-23 and 2021-22 in respect of the Bank's asset classification and provisioning under the extant prudential norms on income recognition, asset classification and provisioning is below the regulatory requirement for disclosure and hence the disclosure as required under RBI Master Direction on 'Financial Statements-Presentation and Disclosures' on 'Divergence in the asset classification and provisioning', is not required to be made.

1.4.5. Implementation of Resolution Plans (RPs):

Cases eligible for RPs during the year ended March 31, 2024		RPs Successfully implemented during the year ended March 31, 2024		RPs under implementation during the year ended March 31, 2024	
Balance Outstanding (Amount in ₹ Crore)	No. of cases	Balance Outstanding (Amount in ₹ Crore)	No. of cases	Balance Outstanding (Amount in ₹ Crore)	No. of cases
49.42	3	-	-	49.42	3

Out of the above, 2 cases are technically written off in our books amounting to total of ₹ 33.99 Crore.

Cases eligible for RPs during the year ended March 31, 2023		RPs Successfully implemented during the year ended March 31, 2023		RPs under implementation during the year ended March 31, 2023	
Balance Outstanding (Amount in ₹ Crore)	No. of cases	Balance Outstanding (Amount in ₹ Crore)	No. of cases	Balance Outstanding (Amount in ₹ Crore)	No. of cases
209.34	7	157.70	4	51.64	3

Out of the above, 2 cases are technically written off in our books amounting to total of ₹ 41.43 Crore.

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SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

1.4.6. Details of resolution plans implemented under the RBI Resolution Framework for COVID-19-related Stress as per RBI circular dated August 06, 2020 (Resolution Framework 1.0) and May 05, 2021 (Resolution Framework 2.0) are given below:
During the half year ended March 31, 2024

(Amount in ₹ Crore)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year ended September 30, 2023 (A) ⁽¹⁾	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year ⁽²⁾	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year ended March 31, 2024 ^{(1),(3)}
Personal Loans	1,469.14	65.33	0.25	131.78	1,292.45
Corporate persons	139.02	4.60	-	5.48	128.94
Of which MSMEs	-	-	-	-	-
Others	223.26	4.31	-	48.83	170.84
Total	1,831.42	74.24	0.25	186.09	1592.23

1. Excludes other facilities to the borrowers which have not been restructured.
2. Represents net movement in balance outstanding.
3. Includes accounts which were classified as NPA earlier and subsequently upgraded to standard during the half year ended March 31, 2024.

During the half year ended September 30, 2023

(Amount in ₹ Crore)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year ended March 31, 2023 ⁽¹⁾	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year ⁽²⁾	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year ended September 30, 2023 ^{(1),(3)}
Personal Loans	1,711.25	105.50	0.02	149.31	1,469.14
Corporate persons	187.81	1.71	-	48.37	139.02
Of which MSMEs	-	-	-	-	-
Others	268.91	11.45	-	37.71	223.26
Total	2,167.97	118.66	0.02	235.39	1,831.42

1. Excludes other facilities to the borrowers which have not been restructured.
2. Represents net movement in balance outstanding.
3. Includes accounts which were classified as NPA earlier and subsequently upgraded to standard during the half year ended September 30, 2023.

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SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

During the half year ended March 31, 2023

(Amount in ₹ Crore)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year ended September 30, 2022 (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, 2023 ^{(1),(3)}
Personal Loans	1,910.30	80.32	0.31	134.50	1,711.25
Corporate persons	234.99	5.29	-	42.72	187.81
Of which MSMEs	-	-	-	-	-
Others	338.29	23.08	-	46.52	268.91
Total	2,483.58	108.69	0.31	223.74	2,167.97

1. Represents net movement in balance outstanding
2. Excludes other facilities to the borrowers which have not been restructured.
3. Includes accounts which were classified as NPA earlier and subsequently upgraded to standard during the half year ended March 31, 2023.

During the half year ended September 30, 2022

(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, 2022 (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, 2022 ^{(1),(3)}
Personal Loans	2,071.31	108.67	0.09	60.43	1,910.30
Corporate persons	252.41	13.87	0.06	3.49	234.99
Of which MSMEs	-	-	-	-	-
Others	368.19	15.63	-	14.58	338.29
Total	2,691.91	138.17	0.15	78.50	2,483.58

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, 2022.

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SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

1.4.7. Disclosures as per 'Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021' dated September 24, 2021 for the loans transferred / acquired are given below:

i) Details of loans not in default acquired through assignment during the year ended March 31, 2024 are given below:

Particulars	March 31, 2024	March 31, 2023
Aggregate amount of loans acquired (₹ in Crore)	1,956.07	92.25
Weighted average residual maturity (in years)	7.23	6.50
Weighted average holding period by originator (in years)	1.17	0.50
Retention of beneficial economic interest by the originator (₹ in Crore)	217.34	Nil
Tangible security coverage	151.03%	93.56%
Rating-wise distribution of rated loans	Non-Corporate Borrowers	AA-

ii) Details of non-performing assets (NPAs) (excluding prudentially written off advances) transferred during the year ended March 31, 2024 and March 31, 2023 are given below:

Particulars	(Amount in ₹ Crore except number of accounts)					
	To ARCs		To permitted transferees		To other transferees	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Number of accounts	61	-	-	-	-	-
Aggregate principal outstanding of loans transferred	101.81	-	-	-	-	-
Weighted average residual tenor of the loans transferred (in years)	0.31	-	-	-	-	-
Net book value of loans transferred (at the time of transfer)	3.86	-	-	-	-	-
Aggregate consideration	36.70	-	-	-	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-	-	-	-
Provisions reversed to the Profit and Loss Account on account of sale of stressed loans	27.44	-	-	-	-	-

iii) During the years ended March 31, 2024 and March 31, 2023, the Bank has not acquired any stressed loans and not transferred any loan not in default / Special Mention Accounts (SMA).

iv) During the years ended March 31, 2024, the Bank has invested ₹ 5.10 Crore 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 as on March 31, 2024 are given below:

As on March 31, 2024

(Amount in ₹ Crore)				
Rating	Recovery Rating	Gross Book Value	Provision held	Net Book Value
RR5	0-25%	32.79	32.79	-
RR4	25%- 50%	79.36	79.36	-
RR1	100% - 150%	4.43	4.43	-
Unrated	-	285.65	285.65	-
Total		402.23	402.23	-

THE FEDERAL BANK LIMITED
SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

As on March 31, 2023

(Amount in ₹ Crore)				
Rating	Recovery Rating	Gross Book Value	Provision held	Net Book Value
RR5	0-25%	13.45	13.45	-
RR4	25%- 50%	113.61	113.61	-
RR2	75% - 100%	2.28	2.28	-
Unrated	-	277.90	277.90	-
Total		407.24	407.24	-

1.4.8. Securitisation Transactions

The Bank has not sold standard assets under securitisation during the year ended March 31, 2024 and March 31, 2023.

1.4.9. Sponsored SPVs

The Bank has not sponsored any Off- Balance Sheet SPVs which is required to be consolidated as per accounting norms as at March 31, 2024 and March 31, 2023.

1.4.10. Accounts restructured under Micro, Small and Medium Enterprises (MSME) sector

The following table sets forth, for the periods indicated, the details of accounts restructured under MSME sector under RBI guidelines issued in January 2019 and subsequent changes thereafter.

Position as on March 31, 2024

(Amount in ₹ Crore except number of accounts)		
Number of accounts restructured	Amount Restructured	Amount outstanding
1,014	855.39	568.09

Position as on March 31, 2023

(Amount in ₹ Crore except number of accounts)		
Number of accounts restructured	Amount Restructured	Amount outstanding
1,230	1,025.13	755.99

1.4.11. Fraud accounts and Provisioning

(Amount in ₹ Crore except number of frauds)		
Particulars	March 31, 2024	March 31, 2023
No. of frauds reported during the year	12,420	1,298
Amount involved in fraud	127.77	181.45
Amount involved in fraud net of recoveries/write offs/unrealised interest as at the end of the year requiring provision	52.81	75.63
Provision made during yesteryears for the above accounts	9.61	25.28
Provision made during the year	43.20	50.35
Provision held as at the end of the year for the above accounts	52.81	75.63
Amount of unamortised provision debited from "other reserves" as at the end of the year.	-	-

THE FEDERAL BANK LIMITED
SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

1.4.12. Movement of Provision on Standard Assets

Particulars	(Amount in ₹ Crore)	
	March 31, 2024	March 31, 2023
(a) Opening balance	1,448.41	1,315.51
(b) Additions during the year	-	132.90
(c) Deduction during the year	202.00	-
(d) Closing balance *	1,246.41	1,448.41

* Includes Provision held towards Unhedged Foreign Currency Exposure of Customers amounting ₹ 56.82 Crore (previous Year: ₹ 73.78 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, 2024

Maturity Pattern	(Amount in ₹ Crore)					
	Deposits	Advances	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Day 1	1,261.74	4,124.30	12,375.72	699.00	1,146.77	184.54
2 – 7 days	6,164.35	929.60	710.12	2,615.65	4,019.63	112.72
8-14 days	1,823.38	1,845.76	512.47	908.73	1,066.53	258.27
15-30 days	2,673.02	2,789.42	1,236.12	1,030.82	1,268.12	790.46
31 days & up to 2 months	6,377.20	5,438.41	1,249.53	536.34	292.79	637.93
Over 2 months & up to 3 months	7,593.58	8,965.14	1,823.92	953.63	612.49	690.77
Over 3 months & up to 6 months	21,775.42	19,658.21	1,536.79	1,716.66	1,230.45	1,129.13
Over 6 months & up to 1 year	44,434.35	17,381.44	2,176.65	3,488.81	459.61	3,221.66
Over 1 year & up to 3 years	109,194.45	93,104.49	10,583.08	3,747.76	1,217.82	1,218.44
Over 3 years & up to 5 years	17,273.33	25,641.12	11,685.53	322.77	1,109.35	577.99
Over 5 years	33,963.20	29,525.44	16,969.60	2,006.25	90.07	-
Total	252,534.02	209,403.33	60,859.53	18,026.42	12,513.63	8,821.91

As at March 31, 2023

Maturity Pattern	(Amount in ₹ Crore)					
	Deposits	Advances	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Day 1	1,147.67	2,550.19	9,256.56	-	652.86	137.88
2 -7 days	4,332.91	1,482.89	375.77	3,912.42	3,494.63	30.95
8-14 days	1,376.57	1,145.59	493.34	668.23	85.83	33.27
15-30 days	3,709.52	2,661.64	1,200.96	872.35	251.64	451.03
31 days and up to 2 months	6,473.61	6,523.82	1,042.71	383.33	838.75	514.36
Over 2 months and up to 3 months	4,191.17	6,042.12	432.62	290.23	409.26	428.27
Over 3 months and up to 6 months	12,886.97	17,519.88	855.63	1,959.53	1,127.71	1,458.61
Over 6 months and up to 1 year	25,312.57	17,487.08	1,815.25	2,833.39	1,058.14	2,077.58
Over 1 year and up to 3 years	103,530.96	80,365.50	7,554.30	5,513.54	544.35	1,538.64
Over 3 years and up to 5 years	25,178.42	18,951.05	11,104.35	891.27	1,269.73	933.35
Over 5 years	25,245.67	19,717.12	14,851.86	1,995.00	385.17	0.17
Total	213,386.04	174,446.88	48,983.35	19,319.29	10,118.07	7,604.11

THE FEDERAL BANK LIMITED
SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

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, 2024:

Particulars	(Amount in ₹ Crore)									
	Quarter ended March 31, 2024		Quarter ended December 31, 2023		Quarter ended September 30, 2023		Quarter ended June 30, 2023			
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets										
1 Total High Quality Liquid Assets (HQLA)	49,596.39		45,332.84		44,132.10		41,306.58			
Cash outflows										
2 Retail deposits and deposits from small business customers, of which:										
(i) Stable deposits	32,256.92	1,612.85	34,715.80	1,735.79	33,579.78	1,678.99	33,269.62	1,663.48		
(ii) Less stable deposits	141,700.27	14,170.02	130,963.21	13,096.32	129,034.61	12,903.47	129,107.50	12,910.75		
3 Unsecured wholesale funding, of which:										
(i) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-		
(ii) Non-operational deposits (all counterparties)	35,438.77	26,693.76	33,594.87	26,091.01	29,432.70	22,493.33	26,068.49	20,189.53		
(iii) Unsecured debt	-	-	-	-	-	-	-	-		
4 Secured wholesale funding										
5 Additional requirements, of which	37.83	37.83	-	-	-	-	-	-	-	-
(i) Outflows related to derivative exposures and other collateral requirements	37.83	37.83	-	-	-	-	-	-		
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-		
(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-		
6 Other contractual funding obligations	60,943.55	6,651.01	59,430.11	6,437.29	55,202.24	6,276.50	53,680.36	5,996.18		
7 Other contingent funding obligations	16,890.57	506.72	15,611.19	468.34	13,959.80	418.79	13,764.24	412.93		
8 TOTAL CASH OUTFLOWS	49,672.19		47,828.75		43,771.08		41,172.87			
Cash Inflows										
9 Secured lending (e.g. reverse repos)	239.47	-	79.20	-	273.37	-	494.36	-		
10 Inflows from fully performing exposures	14,363.48	10,829.13	13,782.15	9,990.30	11,595.22	8,374.52	11,198.93	8,092.42		
11 Other cash inflows	46.55	46.55	34.60	34.60	34.84	34.84	37.57	37.57		

THE FEDERAL BANK LIMITED
SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

(Amount in ₹ Crore)

Particulars	Quarter ended March 31, 2024		Quarter ended December 31, 2023		Quarter ended September 30, 2023		Quarter ended June 30, 2023	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
12 TOTAL CASH INFLOWS	14,649.50	10,875.68	13,895.95	10,024.90	11,903.43	8,409.36	11,730.86	8,129.99
	Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value	
13 TOTAL HQLA		49,596.39		45,332.84		44,132.10		41,306.58
14 TOTAL NET CASH OUTFLOWS		38,796.51		37,803.85		35,361.72		33,042.88
15 LIQUIDITY COVERAGE RATIO (%)		127.84%		119.92%		124.80%		125.01%

Note: LCR data has been computed based on simple average of daily observations.

The following table sets forth, the daily average of unweighted and weighted values for all the quarters in the year ended March 31, 2023:

(Amount in ₹ Crore)

Particulars	Quarter ended March 31, 2023		Quarter ended December 31, 2022		Quarter ended September 30, 2022		Quarter ended June 30, 2022	
	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)		40,760.71		38,423.55		37,907.06		35,960.21
Cash outflows								
2 Retail deposits and deposits from small business customers, of which:	161,348.61	14,488.64	157,887.26	14,195.24	153,099.54	13,773.80	152,661.14	13,723.73
(i) Stable deposits	32,924.40	1,646.22	31,869.82	1,593.50	30,723.08	1,536.15	30,847.67	1,542.38
(ii) Less stable deposits	128,424.21	12,842.42	126,017.44	12,601.74	122,376.46	12,237.65	121,813.47	12,181.35
3 Unsecured wholesale funding, of which:	24,233.25	18,919.37	19,589.00	14,503.92	18,422.97	13,279.16	18,240.60	13,077.02
(i) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii) Non-operational deposits (all counterparties)	24,233.25	18,919.37	19,589.00	14,503.92	18,422.97	13,279.16	18,240.60	13,077.02
(iii) Unsecured debt	-	-	-	-	-	-	-	-
4 Secured wholesale funding	-	-	-	-	-	-	-	-
5 Additional requirements, of which	0.60	0.60	5.62	5.62	2.83	2.83	1.87	1.87
(i) Outflows related to derivative exposures and other collateral requirements	0.60	0.60	5.62	5.62	2.83	2.83	1.87	1.87
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6 Other contractual funding obligations	49,008.48	5,526.33	45,553.08	5,128.31	41,645.34	5,007.91	40,776.01	5,015.92

THE FEDERAL BANK LIMITED
SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

(Amount in ₹ Crore)

Particulars	Quarter ended March 31, 2023		Quarter ended December 31, 2022		Quarter ended September 30, 2022		Quarter ended June 30, 2022	
	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)
7 Other contingent funding obligations	12,992.22	389.77	11,863.27	355.90	11,302.56	339.08	10,642.73	319.28
8 TOTAL CASH OUTFLOWS		39,324.71		34,188.99		32,402.78		32,137.82
Cash Inflows								
9 Secured lending (e.g. reverse repos)	319.12	-	182.50	-	1,829.92	-	1,867.20	-
10 Inflows from fully performing exposures	10,594.44	7,490.10	10,650.36	7,718.39	8,196.41	5,587.90	8,397.33	6,172.09
11 Other cash inflows	20.51	20.51	7.14	7.14	10.86	10.86	11.21	11.21
12 TOTAL CASH INFLOWS	10,934.07	7,510.61	10,840.00	7,725.53	10,037.19	5,598.76	10,275.74	6,183.30
	Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value	
13 TOTAL HQLA		40,760.71		38,423.55		37,907.06		35,960.21
14 TOTAL NET CASH OUTFLOWS		31,814.10		26,463.46		26,804.02		25,954.52
15 LIQUIDITY COVERAGE RATIO (%)		128.12%		145.19%		141.42%		138.55%

Note: LCR data has been computed based on simple average of daily observations.

b) Qualitative Disclosure
As at March 31, 2024

The Bank adheres to RBI guidelines on Liquidity Coverage Ratio, Liquidity Risk Monitoring Tools and the LCR Disclosure Standards pursuant to the Basel III Framework on Liquidity Standards that are applicable to Banks in India with effect from January 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 FEDERAL BANK LIMITED
SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

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 appraises ALCO on a continuous basis to initiate appropriate actions to ensure that the liquidity position is well within the Risk Appetite set by the Board.

As at March 31, 2023

The Bank adheres to RBI guidelines on Liquidity Coverage Ratio, Liquidity Risk Monitoring Tools and the LCR Disclosure Standards pursuant to the Basel III Framework on Liquidity Standards that are applicable to Banks in India with effect from January 01, 2015. The regulatory threshold is embedded into the Risk Appetite Statement of the Bank and hence maintenance of LCR is subject to periodic review of Risk Management Committee/Board. The Bank computes the LCR and reports the same to the Asset Liability Committee (ALCO) every month as well as to the Risk Management Committee of the Board. Liquidity Coverage Ratio (LCR) promotes short-term resilience of Banks to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Assets (HQLAs) to survive an acute stress scenario lasting for 30 days. LCR is computed on a daily basis from January 01, 2017 and in accordance with regulatory prescriptions. The LCR disclosures contain data on simple average of daily observations over a period of 90 days. Bank has not computed LCR separately for any foreign currency since the aggregate liabilities denominated in any foreign currency doesn't amount to 5% or more of the Bank's total liabilities. Bank has consistently maintained LCR above the prescribed regulatory minimum.

On average, 97% 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 as stable deposits from a liquidity perspective is the major funding source of the Bank, indicating lower dependence of the Bank on wholesale funds.

The liquidity risk management in the Bank is guided by the ALM Policy. Asset Liability Committee (ALCO) is the executive level committee responsible for ALM process in the Bank. Bank's liquidity management is actively done by the Treasury department as per the directions of ALCO. Integrated Risk Management Department actively monitors the liquidity position of the Bank and appraises ALCO on a continuous basis to initiate appropriate actions to ensure that the liquidity position is well within the Risk Appetite set by the Board of Directors.

1.6. EXPOSURES
1.6.1 Exposure to Real Estate Sector

(Amount in ₹ Crore)		
Category	March 31, 2024	March 31, 2023
A. Direct Exposure:		
i) 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;	33,449.05	30,045.06
(of which individual housing loans eligible for inclusion in Priority sector advances).	(2,650.51)	(3,009.25)
ii) Commercial Real Estate:		
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;	10,360.85	8,143.12

THE FEDERAL BANK LIMITED
SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

(Amount in ₹ Crore)		
Category	March 31, 2024	March 31, 2023
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures –		
a) Residential	-	-
b) Commercial Real Estate	-	-
B. Indirect Exposure:		
Fund based and non-fund-based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	5,189.72	7,879.89
Total Exposure to Real Estate sector	48,999.62	46,068.07

1.6.2 Exposure to Capital Market

(Amount in ₹ Crore)		
Category	March 31, 2024	March 31, 2023
(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;	428.13	396.55
(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;	42.07	25.94
(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;	1,214.63	1,171.89
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	1,472.83	1,009.94
(vi) Loans sanctioned to corporates against the security of shares / bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) Bridge loans to companies against expected equity flows/issues;	-	-
(viii) Underwriting commitments taken up by the Banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
(ix) Financing to stockbrokers for margin trading;	-	-
(x) All exposures to Venture Capital Funds (both registered and unregistered)	211.37	172.10
Total Exposure to Capital Market	3,369.03	2,776.42

1.6.3 Risk Category wise Country Exposure

The net funded exposure of the Bank in respect of foreign exchange transactions with each country is within 1% of the total assets of the Bank and hence no provision is required to be made in respect of country risk as per the RBI guidelines:

(Amount in ₹ Crore)				
Risk category*	Exposure (net) March 31, 2024	Provision held March 31, 2024	Exposure (net) March 31, 2023	Provision held March 31, 2023
Insignificant	2,213.19	-	1,978.23	-
Low	599.32	-	530.51	-
Moderately low	353.06	-	59.95	-
Moderate	8.34	-	-	-
Moderately high	7.20	-	4.04	-
High	-	-	-	-
Very High	-	-	-	-
Total	3,181.11	-	2,572.73	-

* The above figures include both funded as well as non-funded exposure.

THE FEDERAL BANK LIMITED
SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

Note: The Bank has compiled the data for the purpose of disclosure in Note No. 1.6.3 from its internal MIS system and has been furnished by the management, which has been relied upon by the auditors.

1.6.4. During the years ended March 31, 2024 and March 31, 2023, the Bank's credit exposure to single borrower and group borrowers was within the prudential exposure limits prescribed by RBI.

1.6.5 Unsecured Advances: During the years ended March 31, 2024 and March 31, 2023 there are no unsecured advances for which intangible securities such as charge over the rights, licences, authority etc. have been taken as collateral by the Bank.

1.6.6 Factoring exposure: The factoring exposure of the Bank as on March 31, 2024 is ₹ 4,228.41 Crore (previous year: ₹ 1,020.44 Crore)

1.6.7 Unhedged Foreign Currency Exposure: The Bank has in place a policy on managing credit risk arising out of unhedged foreign currency exposures of its borrowers. The objective of this policy is to maximize the hedging on foreign currency exposures of borrowers by reviewing their foreign currency exposures and encouraging them to hedge the unhedged portion. The policy framework also articulates the methodologies for ascertaining the amount of unhedged foreign currency exposures, estimating the extent of likely loss, estimating the riskiness of the unhedged position and making appropriate provisions and capital charge as per extant RBI guidelines. In line with the policy, assessment of unhedged foreign currency exposure is a part of credit appraisal while proposing limits or at the review stage. Further, the Bank reviews the unhedged foreign currency exposure across its portfolio on a periodic basis. The Bank maintains incremental provisions and additional capital for the unhedged foreign currency exposures of its borrowers in line with the extant RBI guidelines. The Bank has maintained ₹ 56.82 Crore (previous year ₹ 73.78 Crore) as provision and ₹ 102.83 Crore (previous year ₹ 100.89 Crore) as additional capital for computation of capital adequacy ratio on account of the unhedged foreign currency exposures of borrowers.

1.6.8 Details of Intra-Group Exposure

		(Amount in ₹ Crore)	
Sl. No.	Particulars	March 31, 2024	March 31, 2023
1	Total amount of intra-group exposures*	1,151.61	358.92
2	Total amount of top-20 intra group exposures*	1,151.61	358.92
3	Percentage of intra group exposures to total exposure of the Bank to borrowers/ customers *	0.38%	0.15%
4	Details of breach of limits on intra-group exposures and regulatory action thereon if any	-	-

*Exposure is computed as per the definition of Credit and Investment Exposure in RBI Master Circular on Exposure Norms DBR. No. Dir. BC.12/13.03.00/ 2015-16 dated July 01, 2015.

1.7. CONCENTRATION OF DEPOSITS, ADVANCES, EXPOSURES AND NPAs
1.7.1 Information on Concentration of deposits:

		(Amount in ₹ Crore)	
Particulars	March 31, 2024	March 31, 2023	
Total deposits of twenty largest depositors	17,743.76	11,082.46	
Percentage of deposits of twenty largest depositors to total deposits of the Bank	7.03%	5.19%	

Note: Excludes holders of certificate of deposits which are tradable instruments.

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SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)
1.7.2 Information on Concentration of advances:

		(Amount in ₹ Crore)	
Particulars	March 31, 2024	March 31, 2023	
Total advances to the twenty largest borrowers	22,188.63	18,271.67	
Percentage of advances to the twenty largest borrowers to total advances of the Bank	7.73%	8.03%	

Note: As per Master Direction, Advances is computed based on credit exposure i.e. funded and non-funded limits including derivative exposures. The sanctioned limits or outstanding, whichever are higher, is reckoned. However, in the case of fully drawn term loans, where there is no scope for re-drawal of any portion of the sanctioned limit, Bank reckon the outstanding as the credit exposure.

1.7.3 Information on Concentration of exposures:

		(Amount in ₹ Crore)	
Particulars	March 31, 2024	March 31, 2023	
Total exposures to the twenty largest borrowers/customers	22,427.13	19,204.04	
Percentage of exposures to the twenty largest borrowers/customers to the total exposure of the Bank on borrowers/customers	7.39%	8.11%	

Note: Exposure is computed as per the definition of Credit and Investment Exposure in RBI Master Circular on Exposure Norms DBOD. No. Dir.BC.12/13.03.00/ 2015-16 dated July 01, 2015.

1.7.4 Information on Concentration of NPAs:

		(Amount in ₹ Crore)	
Particulars	March 31, 2024	March 31, 2023	
Total exposures to the top twenty NPA accounts*	650.31	610.56	
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs.	14.36%	14.59%	

* Above represents Gross NPA

1.8. TRANSFERS TO DEPOSITOR EDUCATION AND AWARENESS (DEA) FUND

In accordance with the guidelines issued by the RBI, the Bank transfers the amount to the credit of any account which has not been operated upon for a period of ten years or any deposit or any amount remaining unclaimed for more than ten years to the DEA Fund. Details of amounts transferred to / reimbursed by DEA Fund are set out below:

		(Amount in ₹ Crore)	
Particulars	March 31, 2024	March 31, 2023	
Opening balance of amounts transferred to DEA Fund	279.68	248.65	
Add: Amounts transferred to DEA Fund during the year	48.13	38.88	
Less: Amounts reimbursed by DEA Fund towards claims	17.94	7.85	
Closing balance of amounts transferred to DEA Fund	309.87	279.68	

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.

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1.9. DISCLOSURE OF COMPLAINTS
A. Summary information on complaints received by the Bank from customers and from the Offices of Ombudsman

Sl. No.	Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Complaints received by the Bank from its customers			
1	Number of complaints pending at beginning of the year	5,864	5,390
2	Number of complaints received during the year	260,580	170,278
3	Number of complaints disposed during the year	259,787	169,804
	3.1. Of which, number of complaints rejected by the Bank	166,232	73,002
4	Number of complaints pending at the end of the year	6,657	5,864
Maintainable complaints received by the Bank from Offices of Ombudsman			
5	Number of maintainable complaints received by the Bank from Office of Ombudsman	1,572	1,049
	5.1. Of which, number of complaints resolved in favour of the Bank by Office of Ombudsman	801	467
	5.2. Of which, number of complaints resolved through conciliation/ mediation/advisories issued by Office of Ombudsman	771	571
	5.3. Of which, number of complaints resolved after Passing of Awards by Office of Ombudsman against the Bank	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously Integrated Ombudsman Scheme, 2021) and covered within the ambit of the Scheme.

B) Top Five grounds of complaints received by the Bank from customers.

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year		Number of complaints received during the year		% increase/ (decrease) in the number of complaints received over the previous year		Number of complaints pending at the end of the year		Of 5, number of complaints pending beyond 30 days	
	1	2	3	4	5	6	7	8	9	10
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
ATM/CDM/Debit Cards	2,353	2,038	65,100	109,776	(40.70)	(6.32)	1,349	2,353	137	263
Internet/Mobile/Electronic Banking	3,086	3,288	167,488	50,612	230.93	39.17	4,393	3,086	63	81
Loans and advances	25	31	4,782	2,659	79.84	47.80	37	25	1	-
Credit Cards	334	1	17,107	2,524	577.77	164.29	616	334	5	64
Account opening/difficulty in operation of accounts	27	14	3,154	2,035	54.99	67.90	179	27	4	-
Others	39	18	2,949	2,672	10.37	(20.07)	83	39	1	-
Total	5,864	5,390	260,580	170,278	-	-	6,657	5,864	211	408

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1.10. DETAILS OF PENALTIES IMPOSED BY THE RESERVE BANK OF INDIA

Particulars	(Amount in ₹ Lakh)	
	March 31, 2024	March 31, 2023
a) Penalty imposed on currency chests		
Number of instances of default	18	14
Quantum of penalty imposed	1.95	3.07
b) Penalty imposed on deficiency in regulatory compliances		
Number of instances of default	54	81
Quantum of penalty imposed	47.25	630.65

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, 2024, the remuneration committee of the Board comprises of the following Independent Directors:

- Mr. Siddhartha Sengupta (Chairman)
- Mr. A P Hota
- Mr. Manoj Fadnis

Out of the above, Mr. Siddhartha Sengupta is 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. To oversee the framing, review and implementation of an effective Compensation Policy, as per RBI Guidelines.
- ii. To review the compensation package for the MD & CEO and Executive Directors and recommend revisions for Board approval.
- iii. To consider and approve issuance and allotment of shares under ESOS to MD & CEO /EDs and employees of the Bank.
- iv. Work in coordination with Risk Management Committee of the Bank, to achieve effective alignment between risk and remuneration.

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.

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The objectives of the remuneration policy are four-fold:

- To align compensation with prudent risk taken
- To drive sustainable performance in the Bank
- To ensure financial stability of the Bank; and
- To attract and retain talent

The compensation paid to the **Chief Executive Officer (CEO) / Whole Time Directors (WTDs) /Material Risk Takers (MRTs)** is divided into two components:

1. **Fixed Pay and Perquisites:** The fixed compensation is determined based on the relevant factors such as industry standards, the exposure, skill sets, talent and qualification attained by the official over his/her career span and adherence to statutory requirements. All the fixed items of compensation, including the perquisites, will be treated as part of fixed pay. Perquisites that are reimbursable would also be included in the fixed pay so long as there are monetary ceilings on these reimbursements. Contributions towards superannuation/retiral benefits will also be treated as part of fixed pay.
2. **Variable Compensation:** The variable compensation for Whole Time Directors, Managing Director & Chief Executive Officer and Material Risk Takers is fixed based on organizational performance (both business-unit and firm-wide) and KPAs set for the official. The organization's performance is charted based on Performance Scorecard which takes into account various financial indicators like revenue earned, cost incurred, profit earned, NPA position and other intangible factors like leadership and employee development. The Scorecard provides a mix of Financial and Non-Financial, Quantitative and Qualitative Metrics. Additionally, serious supervisory observations (if any) are also factored. The variable pay is paid in the form of share-linked instruments, or a mix of cash and share-linked instruments.

Risk, Control and Compliance Staff: Members of staff engaged in financial and risk control, including internal audit, are compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the Bank. The total fixed and variable compensation paid out to the employees in the Risk Control and Compliance Function is decided independent of business parameters. The mix of fixed and variable compensation for control function personnel is weighted in favour of fixed compensation, to ensure autonomy and independence from business goals.

Grander Compensation Package to Executives in Level IV and above: The Compensation package applicable to Executives in Level IV and above are governed under the provisions of Grander Compensation Package, a performance linked pay structure implemented in the Bank with effect from May 01, 2017. Annual Increment under the "Grander Compensation Package" is based on the annual performance rating of the Executive concerned.

Compensation paid to Employees on IBA Package: The compensation paid to Award Staff and Officers coming under Scale I to III is fixed based on the periodic industry level settlements with Indian Banks' Association. The present scale of pay and other service conditions applicable to employees, whose compensation package is governed under IBA package is as per provisions of 12th Bipartite Settlement/ Joint note dated March 08, 2024.

c) Description of the ways in which current and future risks are taken into account in the remuneration processes.

For the purpose of effectively aligning compensation structure with risk outcomes, the functionaries in the Bank are arranged under the following three categories:

1. MD & CEO/Whole Time Directors/ Material Risk Takers (MRTs)
2. Risk Control and Compliance Staff
3. Other Categories of Staff

In order to manage current and future risk and allow a fair amount of time to measure and review both quality and quantity of the delivered outcomes, the Bank maintains proper balance between fixed pay and variable pay. A

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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:

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- The first such vesting will be not before one year from the commencement of the deferral period.
- The vesting will be no faster than on a pro rata basis.
- Vesting will not take place more frequently than on a yearly basis.

In case of deferred compensation (cash component), the payment will be made as per the Schedule mentioned below.

Proportion of deferred Variable Pay	Timelines*
50.00%	Year N - Upfront
16.50%	Year N + 1
16.50%	Year N + 2
17.00%	Year N+3

(* subject to approval of RBI for MD & CEO and WTD's)

Risk Control and Compliance Staff

At least 25% of the total compensation would be variable and the total variable pay will be limited to a maximum of 100% of the fixed pay (for the relative performance measurement period). Deferral arrangements would invariably exist for the variable pay, if the Variable Pay exceeds 75% of the fixed pay. In such cases a minimum of 60% of the total variable pay must invariably be under deferral arrangements. Further, if cash component is part of variable pay, at least 50% of the cash bonus would also be deferred. However, in cases where the cash component of variable pay is under ₹ 0.25 Crore, deferral requirements would not be necessary.

Other categories of Staff

The variable pay would be in the form of cash, share-linked instruments, or a mix of both cash and share-linked instruments. The total variable pay will be limited to a maximum of 300% of the fixed pay (for the relative performance measurement period). Deferral arrangements would invariably exist for the variable pay, if the Variable Pay exceeds 200% of the fixed pay. In such cases a minimum of 60% of the total variable pay must invariably be under deferral arrangements. Further, if cash component is part of variable pay, at least 50% of the cash bonus would also be deferred. However, in cases where the cash component of variable pay is under ₹ 0.25 Crore, deferral requirements would not be necessary.

Malus / Claw back arrangement

The variable compensation is covered under Malus / Claw back arrangements in case of all categories of employees. In the event of subdued or negative contributions of the Bank and/or the relevant line of business in any year, the deferred compensation will be subjected to:

- Malus arrangement wherein Bank shall withhold vesting of all or part of the amount of deferred remuneration.
- Claw back arrangement wherein the employees shall be liable to return previously paid or vested remuneration to the Bank. The deferred compensation, if any, paid to such functionaries shall be subject to Claw back arrangements, which will entail the Bank to recover proportionate amount of variable compensation from such functionaries, on account of an act or decision taken by the official which has brought forth a negative contribution to the Bank at a prospective stage.

The malus and claw back provisions would cover the deferral and retention periods. If an Official covered under these provisions is responsible for any act or omission or non-compliance of regulatory guidelines resulting in a penalty being imposed by any Regulators or engages in a detrimental conduct, the Bank would be entailed to recover proportionate amount of variable compensation from such functionaries within 48 months from the date of payment/vesting of variable compensation. The Bank has put in place appropriate modalities, performance thresholds and detailed framework to cover the trigger points with or invoking malus/claw back, taking into account relevant statutory and regulatory stipulations, as applicable.

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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, 2024	March 31, 2023
(a) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	15 ₹ 0.15 Crore	3 ₹ 0.03 Crore
(b) (i) Number of employees having received a variable remuneration award during the financial year.	8	8 [#]
(ii) Number and total amount of sign-on/joining bonus made during the financial year.	-	-
(iii) Details of severance pay in addition to accrued benefits if any.	-	-
(c) (i) Total amount of outstanding deferred remuneration split into cash, shares and share-linked instruments and other forms	Cash – ₹ 0.28 Crore Shares – Nil Share-linked instruments (Unvested Stock Options granted after April 01, 2021) - 1,500,450 Options having Fair Value of ₹ 5.11 Crore.	Cash – Nil Shares – Nil Share-linked instruments (Unvested Stock Options granted after April 01, 2021) - 1,206,400 Options having Fair Value of ₹ 3.78 Crore.
(ii) Total amount of deferred remuneration paid out in the financial year.	154,750 Options having Fair Value of ₹ 0.45 Crore.	-
(d) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred	Fixed – ₹ 9.03 Crore Variable – ₹ 3.33 Crore Deferred – ₹ 2.05 Crore (Cash – ₹ 0.28 Crore Share-linked instruments - Fair Value of 448,800 Options granted during the year)	Fixed – ₹ 10.10 Crore Variable – ₹ 2.87 Crore Deferred – ₹ 1.84 Crore (Fair Value of 587,400 Options granted during the year)
(e) (i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments.	₹ 5.39 Crore	₹ 3.78 Crore
(ii) Total amount of reductions during the financial year due to ex- post explicit adjustments	-	-
(iii) Total amount of reductions during the financial year due to ex- post implicit adjustments.	-	-
(f) Number of MRTs identified.	8	9 [#]
(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.	-	-

[#]Variable Pay includes one MRT who had retired from the service on June 30, 2022.

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.

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iii) General Quantitative Disclosure

Particulars	(Amount in ₹ Crore)	
	March 31, 2024	March 31, 2023
(i) The mean pay for the Bank as a whole (excluding sub-staff) *	0.13	0.13
(ii) The deviation of the pay of each of its WTDs from the mean pay.		
▪ Mr. Shyam Srinivasan, Managing Director & CEO	2.86	2.83
▪ Mr. Ashutosh Khajuria, Executive Director (Ceased to be WTD on April 30, 2023)	0.07	1.14
▪ Ms. Shalini Warriar, Executive Director	1.15	1.19
▪ Mr. Harsh Dugar, Executive Director (Appointed as WTD on June 23, 2023)	0.76	NA

*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

iv) Remuneration (including sitting fees, fixed remuneration and honorarium) paid to non-executive directors during the year is ₹ 4.70 Crore (previous year ₹ 3.46 Crore)

1.12. OTHER DISCLOSURES
1.12.1. The Key business ratios and other information:

Particulars	March 31, 2024	March 31, 2023
(i) Interest Income as a percentage to Working Funds* (%)	7.86	7.13
(ii) Non-interest income as a percentage to Working Funds* (%)	1.09	0.99
(iii) Cost of Deposits (%)	5.63	4.58
(iv) Net Interest Margin (%) **	3.20	3.37
(v) Operating Profit [§] as a percentage to Working Funds* (%)	1.83	2.04
(vi) Return on Assets [Based on Average Working Fund] *(%)	1.32	1.28
(vii) Business (Deposits less inter-Bank deposits plus advances) per employee (Amount in ₹ Crore) ***	31.92	29.36
(viii) Profit per employee (Amount in ₹ Crore) ***	0.26	0.23

* 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:

Sl. No.	Nature of Income	(Amount in ₹ Crore)	
		March 31, 2024	March 31, 2023
1	For selling life insurance policies	127.03	86.47
2	For selling non-life insurance policies	40.58	26.69
	Total	167.61	113.16

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1.12.3. Marketing and distribution (excluding Bancassurance Business)

Details of income earned from marketing and distribution business:

Sl. No.	Nature of Income	(Amount in ₹ Crore)	
		March 31, 2024	March 31, 2023
1	For Wealth Management Services	20.29	21.10
2	Others - Etrade/PIS/SGB/NPS/ASBA/DP	13.08	9.28
	Total	33.37	30.38

1.12.4. Priority Sector Lending Certificates (PSLC)

As per RBI Circular FIDD.CO.Plan.BC.23/04.09.01/2015-16 dated April 07, 2016 the PSLCs purchased and sold is given below:

Particulars	March 31, 2024		March 31, 2023	
	Purchased (Face value)	Sold (Face value)	Purchased (Face value)	Sold (Face value)
PSLC – Agriculture	-	1,925.00	-	2,433.00
PSLC – Micro Enterprises	1,500.00	-	4,850.00	-
PSLC – General	-	1,000.00	-	-
PSLC – Small & Marginal Farmers	-	2,467.50	-	-

1.12.5. Provisions and Contingencies recognised in the Profit and Loss Account include:

Provision debited to Profit and Loss Account	(Amount in ₹ Crore)	
	Year ended March 31, 2024	Year ended March 31, 2023
i) Provision towards Non-Performing Assets	401.15	591.34
ii) Provision for Investments	1.26	(6.68)
iii) Provision for Standard Assets	(202.00)	132.90
iv) Provision for Taxation [@]	1,257.78	1,033.91
v) Provision towards diminution in fair value of restructured assets, other contingencies, etc.	(4.30)	32.33
Total	1,453.89	1,783.80

[@]Amount of Provisions made for income-tax during the year

Particulars	(Amount in ₹ Crore)	
	Year ended March 31, 2024	Year ended March 31, 2023
Provision for Income tax		
a) Current tax	1,148.76	1,030.36
b) Deferred tax	109.02	3.55
Total	1,257.78	1,033.91

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.

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The implementation of Ind AS by banks requires certain legislative amendments to make the format of financial statements, prescribed in the Third Schedule to Banking Regulation Act, 1949, compatible with accounts under Ind AS. Considering the amendments needed to the Banking Regulation Act, 1949, as well as the level of preparedness of several Banks, RBI, through its Statement on Developmental and Regulatory Policies dated April 05, 2018, had deferred the implementation of Ind AS by a year.

The legislative amendments recommended by the Reserve Bank are under consideration of the Government of India. Accordingly, RBI through its notification dated March 22, 2019 deferred the implementation of Ind AS till further notice.

Even though RBI has deferred the implementation, the Bank is gearing itself to bring the necessary systems and processes in place to facilitate the Proforma submission to RBI and seamless transition to Ind AS. With respect to the various instructions from the Ministry of Corporate Affairs and Reserve Bank of India (RBI), the actions taken by the Bank are summarized as follows:

- A steering committee was formed by MD & CEO with ED as its Chairman with members from all cross-functional departments. The Committee oversees the progress of Ind AS implementation in the Bank and provides guidance on critical aspects of the implementation such as Ind AS technical requirements, systems and processes, business impact, people and project management.
- The implementation of IT solution procured to automate the computation of Expected Credit Losses (ECL), Effective Interest Rate, Fair valuation and other accounting changes required under Ind AS is completed and Bank is generating extracts from the system on a half yearly basis.
- The Bank is now in the process of implementing the other assessed changes required in existing IT architecture and other processes to enable smooth transition to Ind AS.
- The Bank is continuing to submit the quarterly progress report on the status of Ind AS implementation to the Audit Committee of the Board.
- The Bank is submitting half yearly Proforma Ind AS financial statements to the RBI within the stipulated timeline.
- Training to the employees is imparted in a phased manner.

The key impact areas during the implementation of Ind AS for the Bank include effective interest rate accounting, fair valuation inputs, methodologies and assumptions, specific valuation considerations in many instruments, expected credit losses, employee stock options and implementation of technology systems.

1.12.7. Payment of DICGC Insurance Premium

		(Amount in ₹ Crore)	
Sl. No.	Particulars	March 31, 2024	March 31, 2023
i)	Payment of DICGC Insurance Premium	265.25	221.27
ii)	Arrears in payment of DICGC premium	-	-

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, 2024 and March 31, 2023.

1.12.9. Income and Expenses exceeding one percentage of the Total Income

Details of items under "Other expenditure" in Schedule 16 – Operating Expenses & "Miscellaneous income" in Schedule 14 – Operating Income exceeding 1% of total income of the Bank are given below:

		(Amount in ₹ Crore)		
Sl. No.	Nature	Description	March 31, 2024	March 31, 2023
i)	Other Expense	Service Charge payment to various service providers	626.24	314.10
ii)	Other Expense	Channel transaction expense to card networks	375.46	339.78

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1.12.10. Assets and Liabilities exceeding one percentage of the Total Asset

Details of items under "Others (including provisions)" in Schedule 5 – Other Liabilities and provisions & "Others" in Schedule 11 – Other Assets exceeding 1% of total assets of the Bank are given below:

		(Amount in ₹ Crore)		
Sl. No.	Nature	Description	March 31, 2024	March 31, 2023
i)	Other Assets	Priority sector shortfall deposits	11,234.48	13,116.79

2. DISCLOSURE REQUIREMENTS AS PER ACCOUNTING STANDARDS WHERE RBI HAS ISSUED GUIDELINES IN RESPECT OF DISCLOSURE ITEMS FOR 'NOTES TO ACCOUNTS'
2.1. EMPLOYEE BENEFITS (AS 15)
a) Defined Contribution Plan
Provident Fund

Employees who have not opted for pension plan are eligible to get benefits from provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid on retirement, death, incapacitation or termination of employment. Both the employee and the Bank contribute a specified percentage of the salary to the Federal Bank (Employees') Provident Fund Trust. The Bank has no obligation other than the monthly contribution.

The Bank recognised ₹ 0.69 Crore (previous year: ₹ 0.65 Crore) for provident fund contribution in the Profit and Loss Account.

National Pension System

As per the industry level settlement dated April 27, 2010, a Defined Contributory Pension Scheme (DCPS) in line with the National Pension System (introduced for employees of Central Government) was implemented and employees who are covered under National Pension System are not eligible for the existing pension scheme. Employee shall contribute 10% of their Basic Pay and Dearness Allowance towards DCPS and the Bank shall contribute 14% of the Basic Pay and Dearness Allowance towards DCPS. There is no separate Provident Fund for employees covered under National Pension System.

The Bank recognised ₹ 101.45 Crore (previous year: ₹ 83.04 Crore) for DCPS contribution in the Profit and Loss Account.

b) Defined Benefit Plan
Gratuity

The Bank provides for Gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering the eligible employees. The Gratuity Plan provides a lump sum payment to vested employees on retirement, death, incapacitation or termination of employment, of an amount based on the respective employees' salary and the tenure of employment. Vesting occurs upon completion of 4 years and 240 days of service as per Payment of Gratuity Act, 1972 and its amendment with effect from March 29, 2018 or as per the provisions of the Federal Bank Employees' Gratuity Trust Fund Rules / Bi-partite Award provisions. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as on the Balance Sheet date, based upon which, the Bank contributes all the ascertained liabilities to the Federal Bank Employees' Gratuity Trust Fund (the "Trust"). Trustees administer contributions made to the Trust and contributions are invested in specific investments as permitted by law.

Superannuation / Pension

The Bank provides for monthly pension, a defined benefit retirement plan (the "pension plan") covering eligible employees. The pension plan provides a monthly pension after retirement of the employees till death and to the family after the death of the pensioner. The monthly pension is based on the respective employees' salary and the tenure of employment. Vesting occurs upon completion of ten years of service. Liabilities with regard to the pension plan are determined by actuarial valuation as on the Balance Sheet date, based upon which, the Bank contributes all the ascertained liabilities to the Federal Bank (Employees') Pension Fund Trust (the "Trust"). Trustees administer contributions made to the Trust and contributions are invested in specific investments as permitted by law.

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SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

The following table as furnished by actuary sets out the funded status of gratuity / pension plan and the amount recognised in the Bank's Financial Statements for the years indicated:

i) Change in benefit obligations:

(Amount in ₹ Crore)

Particulars	Gratuity Plan		Pension Plan	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Projected benefit obligation at the beginning of the year	440.73	451.29	1,701.56	1,747.94
Current Service Cost	38.38	30.56	426.23	381.76
Interest cost	30.20	31.45	112.06	116.86
Actuarial (gain)/ loss	144.88	(7.48)	(89.83)	(165.37)
Benefits paid	(45.89)	(65.09)	(298.77)	(379.63)
Projected benefit obligation at the end of the year	608.30	440.73	1,851.25	1,701.56

ii) Change in plan assets:

(Amount in ₹ Crore)

Particulars	Gratuity Plan		Pension Plan	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Plan assets at the beginning of the year at fair value	464.10	493.78	1,697.14	1,803.99
Expected return on plan assets	33.55	35.40	122.53	131.15
Actuarial gain/(loss)	1.41	0.01	7.50	0.09
Employer's Contributions	20.89	-	222.75	141.54
Benefits paid	(45.89)	(65.09)	(298.77)	(379.63)
Plan assets at the end of the year at fair value	474.06	464.10	1,751.15	1,697.14

iii) Reconciliation of present value of the obligation and the fair value of the plan assets:

(Amount in ₹ Crore)

Particulars	Gratuity Plan		Pension Plan	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Fair value of plan assets at the end of the year	474.06	464.10	1,751.15	1,697.14
Present value of the defined benefit obligations at the end of the year	608.30	440.73	1,851.25	1,701.56
Liability/ (Asset) recognised in the Balance Sheet	134.24	(23.37)	100.10	4.42

iv) Gratuity/ pension cost

(Amount in ₹ Crore)

Particulars	Gratuity Plan		Pension Plan	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Current Service cost	38.38	30.56	426.23	381.76
Interest cost	30.20	31.45	112.06	116.86
Expected return on plan assets	(33.55)	(35.40)	(122.53)	(131.15)
Actuarial (gain)/loss	143.47	(7.50)	(97.33)	(165.45)
Net Cost	178.50	19.11	318.43	202.02
Other direct contributions to the Fund	-	-	(0.10)	(0.51)
Net cost Debit to Profit and Loss Account	178.50	19.11	318.33	201.51
Actual return on plan assets*	34.96	35.42	130.04	131.23

* - Figures taken from Audited Financial Statements of respective trusts.

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v) Investment details of plan Assets*

(Amount in ₹ Crore)

Particulars	Gratuity Plan		Pension Plan	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Central and state Government bonds	-	-	-	-
Other debt securities	-	-	-	-
Balance in Saving Bank account with the Bank	1.49	0.86	1.87	13.04
Net current assets	-	-	-	-
Balance with LIC/ABSL#	472.57	463.24	1,749.28	1,684.10
Total	474.06	464.10	1,751.15	1,697.14

* - 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) and Aditya Birla Sun Life Insurance Company Limited (ABSL), the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

vi) Experience adjustments
i) Gratuity Plan

(Amount in ₹ Crore)

Particulars	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019
Defined Benefit Obligations	608.30	440.73	451.29	467.81	374.63	329.19
Plan Assets	474.06	464.10	493.78	469.49	369.30	334.23
Surplus/(Deficit)	(134.24)	23.37	42.49	1.68	(5.33)	5.04
Experience adjustments on Plan Liabilities [(Gain) / Loss]	119.72	2.78	8.09	(89.21)	(10.09)	(6.56)
Experience Adjustments on Plan Assets [Gain / (Loss)]	2.71	4.11	(7.67)	7.20	3.29	0.77

ii) Pension Plan

(Amount in ₹ Crore)

Particulars	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019
Defined Benefit Obligations	1,851.25	1,701.56	1,747.94	1,486.28	1,197.98	983.39
Plan Assets	1,751.15	1,697.14	1,803.99	1,494.71	1,129.93	978.09
Surplus/ (Deficit)	(100.10)	(4.42)	56.05	8.43	(68.05)	(5.30)
Experience adjustments on Plan Liabilities [(Gain) / Loss]	(132.83)	(128.95)	(342.70)	(327.78)	(95.10)	(39.39)
Experience Adjustments on Plan Assets [Gain / (Loss)]	12.25	13.25	(0.49)	13.79	7.54	(3.14)

vii) Assumptions

Particulars	Gratuity Plan		Pension Plan	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Discount rate	7.23%	7.51%	7.22%	7.50%
Annuity rate per Rupee (in ₹)	-	-	134.11	134.64
Salary escalation rate	5.00%	5.00%	5.00%	5.00%
Estimated rate of return on plan assets	7.23%	7.17%	7.22%	7.27%
Attrition Rate	2.00%	2.00%	1.00%	1.00%
Mortality Table	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate

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The estimates of future salary increase considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

As the contribution expected to be paid to the defined benefit plans during the annual period beginning after the balance sheet date is based on various internal / external factors, a best estimate of the contribution is not determinable.

The above information except otherwise stated is as certified by the actuary and relied upon by the auditors.

(c) Leave Encashment/ Sick Leave / Leave Travel Concession / Unavailed Casual Leave

The employees of the Bank are entitled to compensated absence. The employees can carry forward a portion of the unutilised accrued compensated absence and utilise it in future periods or receive cash compensation at retirement or termination of employment for the unutilised accrued compensated absence for a maximum of 240 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 ₹ 144.63 Crore (previous year ₹ 86.76 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:

Particulars	(Amount in ₹ Crore)	
	March 31, 2024	March 31, 2023
Privilege leave	513.17	389.17
Sick leave	39.96	27.60
Leave travel concession	51.27	44.21
Casual leave	3.13	1.92
Total actuarial liability	607.53	462.90
Assumptions		
Discount rate	7.23%	7.51%
Salary escalation rate	5.00%	5.00%
Attrition rate	2.00%	2.00%

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

2.2. SEGMENT REPORTING (AS 17)
A. Business Segments

Business of the Bank is divided into four segments viz. Treasury, Corporate or Wholesale Banking, Retail Banking and Other Banking Operations. The principal activities of these segments and income and expenses structure are as follows:

Treasury

Treasury operations include trading and investments in Government Securities and corporate debt instruments, equity and mutual funds, derivative trading and foreign exchange operations on proprietary account and for customers.

The income of this segment primarily consists of earnings in the form of interest from the investment portfolio of the Bank, gains, losses, margins and fee/charges on trading and foreign exchange operations. The principal expense of the segment consists of interest expense on funds borrowed/utilized and other allocated overheads. Provisions allocated to the segment consist of diminution in the value of non-performing portfolio of the segment.

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SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

Corporate/Wholesale Banking:

The segment consists of lending of funds, acceptance of deposits and other banking services to corporates, trusts, partnership firms, statutory bodies which are not considered under retail banking segment.

Revenue of this segment consists of interest earned, charges /fees from loans and other banking services rendered to such customers. The principal expenses of the segment consist of interest expenses on funds utilized and other expenses allocated as per the approved methodology. Provisions allocated to the segment include the loan loss provision and standard asset provision created for the portfolio under the segment.

Retail banking:

Retail banking constitutes lending of funds, acceptance of deposits and other banking services to any legal person including small business customers, on the basis of the status of the borrower, nature of the product, granularity of the exposure and quantum thereof.

Revenue of this segment consists of interest earned, charges /fees from loans and other banking services rendered to such customers. The principal expenses of the segment consist of interest expenses on funds utilized and other expenses allocated as per the approved methodology. Provisions allocated to the segment includes the loan loss provision and standard asset provision created for the portfolio under the segment.

Digital Banking Business is separately reported as a sub-segment under Retail Banking Segment as per the RBI guideline. The Sub Segment includes the businesses involving digital banking products acquired by the Digital Banking Unit together with the existing digital banking products.

Other Banking Operations

This segment includes banking operations, not covered under any of the above segments such as para banking operations. The income from such services and associated costs are disclosed in this segment.

Unallocated

All items that are reckoned at enterprise level and cannot be allocated to reportable segments are included in unallocated portion. These mainly includes provision for tax (net of advance tax), deferred tax asset/liability, fixed assets, 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, 2024:

Business Segments	(Amount in ₹ Crore)				
	Treasury	Corporate/ Wholesale Banking	Retail Banking*	Other Banking Operations	Total
Revenue	3,533.36	7,215.36	14,312.46	200.71	25,261.89
Result (net of provisions)	565.72	1,621.57	2,614.86	170.60	4,972.75
Unallocated Income / (expense)					5.63
Operating profit (PBT)					4,978.38
Income taxes					(1,257.78)
Extraordinary profit/loss	-	-	-	-	-
Net Profit					3,720.60
OTHER INFORMATION					
Segment Assets	63,096.35	111,573.72	125,559.59	-	300,229.66
Unallocated assets					8,082.14
Total assets					308,311.80
Segment liabilities	28,804.92	32,026.46	213,106.63	-	273,938.01
Unallocated liabilities					5,279.37
Total liabilities					279,217.38

* Sub segments included in retail banking are as follows:

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SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

(Amount in ₹ Crore)

Sub Segment	Revenue	Result (net of provision)	Segment Assets	Segment liabilities
Digital Banking	1,501.03	225.59	6,812.96	16,263.28
Other Retail Banking	12,811.43	2,389.27	118,746.63	196,843.35

March 31, 2023:

(Amount in ₹ Crore)

Business Segments	Treasury	Corporate/ Wholesale Banking	Retail Banking*	Other Banking Operations	Total
Revenue	2,539.96	5,240.48	11,204.82	143.50	19,128.76
Result (net of provisions)	505.77	953.99	2,457.89	121.98	4,039.63
Unallocated Income / (expense)					4.87
Operating profit (PBT)					4,044.50
Income taxes					(1,033.91)
Extraordinary profit/loss	-	-	-	-	-
Net Profit					3,010.59
OTHER INFORMATION					
Segment Assets	52,306.29	96,996.51	104,414.27	-	253,717.07
Unallocated assets					6,624.76
Total assets					260,341.83
Segment liabilities	29,138.18	24,244.09	182,777.23	-	236,159.50
Unallocated liabilities					2,676.09
Total liabilities					238,835.59

*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	903.54	113.59	4,165.92	12,037.20
Other Retail Banking	10,301.28	2,344.30	100,248.35	170,740.03

B. Geographical Segment Information

The Business operations of the Bank are largely concentrated in India and for purpose of Segment reporting, the Bank considered to operate only in domestic segment, though the Bank has its operation in International Financial Services Centre (IFSC) Banking Unit in Gujarat International Finance Tec-City (GIFT City). The business conducted from the same is considered as a part of Indian operations.

Segment information is provided as per the MIS available for internal reporting purposes, which include certain estimates/ assumptions. The methodology adopted in compiling and reporting the above information has been relied upon by the auditors.

2.3. RELATED PARTY DISCLOSURES (AS 18)
a) Details of Related Parties:

Name of the entity	Nature of Relationship
Fedbank Financial Services Limited	Subsidiary
Federal Operations and Services Limited	Subsidiary
Ageas Federal Life Insurance Company Limited	Associate
Equirus Capital Private Limited	Associate
Federal Bank Hormis Memorial Foundation	Entity in which KMPs can exercise significant influence

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Key Management Personnel (KMP)

Name of the Key Management personnel	Relatives of the Key Management Personnel	Description of Relationships
Mr. Shyam Srinivasan, Managing Director & CEO	<ul style="list-style-type: none"> ▪ Mr. T S Srinivasan ▪ Ms. Kamala Srinivasan ▪ Ms. Maya Shyam ▪ Ms. Meena Lochani ▪ Ms. Rohini 	<ul style="list-style-type: none"> ▪ Father ▪ Mother ▪ Wife ▪ Sister ▪ Sister
Mr. Ashutosh Khajuria, Executive Director (Ceased on April 30, 2023)	<ul style="list-style-type: none"> ▪ Ms. Sunita Khajuria ▪ Ms. Vasundhara Khajuria ▪ Ms. Yashodhara Khajuria 	<ul style="list-style-type: none"> ▪ Wife ▪ Daughter ▪ Daughter
Ms. Shalini Warriar, Executive Director	<ul style="list-style-type: none"> ▪ Ms. Parvathi Warriar ▪ Ms. Asha Warriar 	<ul style="list-style-type: none"> ▪ Mother ▪ Sister
Mr. Harsh Dugar Executive Director (Appointed on June 23, 2023)	<ul style="list-style-type: none"> ▪ Umed Mal Dugar ▪ Saroj Devi Dugar ▪ Siddhartha Dugar ▪ Shilpa Pagaria ▪ Ektaa Dugar ▪ Tarasha Dugar ▪ Anaika Dugar 	<ul style="list-style-type: none"> ▪ Father ▪ Mother ▪ Brother ▪ Sister ▪ Spouse ▪ Daughter ▪ Daughter

b) Transactions with related parties
For the year ended March 31, 2024:

(Amount in ₹ Crore)

Items/Related Party	Subsidiaries	Associates	KMP	Relatives of KMP	Total
Deposits [#]	87.87	75.75	6.84	4.36	174.82
	(616.18)	(75.75)	(10.33)	(5.39)	(707.65)
Advances [#]	796.61	-	1.29	1.46	799.36
	(796.61)	(4.73)	(1.35)	(1.54)	(804.23)
Investments in shares [#]	449.92	232.01	-	-	681.93
	(465.80)	(232.01)	-	-	(697.81)
Other investments (NCD, PTC held through trust etc)	234.70	-	-	-	234.70
	(234.70)	-	-	-	(234.70)
Interest paid	0.32	*	0.48	0.27	1.07
Interest received	72.61	0.03	0.04	0.12	72.80
Income from services rendered	5.95	127.24	-	-	133.19
Expenses for receiving services	113.15	0.51	-	-	113.66
Leasing arrangements provided	*	-	-	-	*
Leasing arrangements availed	1.90	-	-	-	1.90
	1.50	15.78	-	-	17.28
Receivable [#]	(2.68)	(45.28)	-	-	(47.96)
	12.34	-	-	-	12.34
Payable [#]	(16.79)	-	-	-	(16.79)
Directors sitting fee received	-	0.36	-	-	0.36
Remuneration paid	-	-	5.22	-	5.22
Dividend received	0.43	16.16	-	-	16.59
Dividend paid	-	-	0.18	*	0.18
Purchase of Financial assets	272.00	-	-	-	272.00
Share capital received on exercise of ESOS	-	-	14.78	-	14.78
Number of options granted under ESOS	-	-	175,800	-	175,800
Number of options outstanding under ESOS.	-	-	3,874,200	-	3,874,200

* Denotes figures less than ₹ 1 Lakh.

- Represents outstanding as on March 31, 2024

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SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each month end.

In accordance with RBI guidelines, details pertaining to the related party transactions have not been provided where there is only one related party in a category.

For the year ended March 31, 2023:

(Amount in ₹ Crore)					
Items/Related Party	Subsidiaries	Associates	KMP	Relatives of KMP	Total
Deposits [#]	403.61	71.79	6.58	2.69	484.67
	(403.86)	(76.35)	(6.79)	(2.79)	(489.79)
Advances [#]	333.17	-	0.17	0.07	333.41
	(545.32)	(1.04)	(0.21)	(0.10)	(546.67)
Investments in shares [#]	465.80	232.01	-	-	697.81
	(465.80)	(232.01)	-	-	(697.81)
Other investments (NCD, PTC held through trust, etc)	234.70	-	-	-	234.70
	(234.70)	-	-	-	(234.70)
Interest paid	0.26	*	0.35	0.13	0.74
Interest received	60.01	0.13	0.01	0.01	60.16
Income from services rendered	10.72	86.53	-	-	97.25
Expenses for receiving services	93.64	-	-	-	93.64
Leasing arrangements provided	*	-	-	-	*
Leasing arrangements availed	0.84	-	-	-	0.84
Receivable [#]	0.21	13.73	-	-	13.94
	(1.36)	(76.63)	-	-	(77.99)
Payable [#]	8.90	-	-	-	8.90
	(19.72)	-	-	-	(19.72)
Directors sitting fee received	-	0.31	-	-	0.31
Remuneration paid	-	-	5.56	-	5.56
Dividend received	0.43	7.95	-	-	8.38
Dividend paid	-	-	0.24	-	0.24
Purchase of Financial assets	-	-	-	-	-
Share capital received on exercise of ESOS	-	-	2.31	-	2.31
Number of options granted under ESOS	-	-	157,400	-	157,400
Number of options outstanding under ESOS.	-	-	3,234,080	-	3,234,080

* Denotes figures less than ₹ 1 Lakh.

- Represents outstanding as on March 31, 2023

Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each month end.

In accordance with RBI guidelines, details pertaining to the related party transactions have not been provided where there is only one related party in a category.

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SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

The significant transactions between the Bank and the related parties during the year ended March 31, 2024 and March 31, 2023 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, 2024	March 31, 2023
Deposits	Ageas Federal Life Insurance Company Limited	74.74	70.61
	Fedbank Financial Services Limited	77.74	392.39
Advances	Fedbank Financial Services Limited	796.61	333.17
Investments in shares	Ageas Federal Life Insurance Company Limited	208.00	208.00
	Fedbank Financial Services Limited	439.92	455.80
Other investments (NCD,PTC held through trust etc)	Fedbank Financial Services Limited	234.70	234.70
	Mr. Shyam Srinivasan	0.35	0.29
Interest paid	Ms. Shalini Warriar	0.11	0.06 [#]
	Fedbank Financial Services Limited	0.26	- [#]
	Federal Operations and Services Limited	0.06 [@]	0.26
Interest received	Fedbank Financial Services Limited	72.61	60.01
Income from services rendered	Ageas Federal Life Insurance Company Limited	127.22	86.53
	Federal Operations and Services Limited	4.94 [@]	10.72
Expenses for receiving services	Fedbank Financial Services Limited	36.68	34.07
	Federal Operations and Services Limited	76.47	59.56
Leasing arrangements availed	Federal Operations and Services Limited	1.90	0.84
Leasing arrangements Provided	Federal Operations and Services Limited	*	*
Receivable	Ageas Federal Life Insurance Company Limited	15.78	13.73
Payable	Fedbank Financial Services Limited	4.22	4.21
	Federal Operations and Services Limited	8.12	4.68
Directors sitting fee received	Ageas Federal Life Insurance Company Limited	0.36	0.23
	Equirus Capital Private Limited	- [@]	0.08
Remuneration paid	Mr. Shyam Srinivasan	2.99	2.96
	Mr. Ashutosh Khajuria	0.08 [@]	1.27
	Mr. Harsh Dugar	0.86	NA
	Ms. Shalini Warriar	1.28	1.32
Dividend received	Ageas Federal Life Insurance Company Limited	14.82	7.28
	Mr. Shyam Srinivasan	0.08	0.14
Dividend paid	Mr. Harsh Dugar	0.02	NA
	Ms. Shalini Warriar	0.03	- [#]
	Mr. Ashutosh Khajuria	0.06	0.09
Purchase of Financial assets	Fedbank Financial Services Limited	272.00	-
Share capital received on exercise of ESOS	Mr. Ashutosh Khajuria	3.51	0.76
	Mr. Shyam Srinivasan	1.99	- [#]
	Mr. Harsh Dugar	3.48	NA
	Ms. Shalini Warriar	5.81	1.55
Number of options granted under ESOS	Mr. Ashutosh Khajuria	- [@]	91,000
	Mr. Harsh Dugar	85,000	NA
	Ms. Shalini Warriar	90,800	66,400
Number of options outstanding under ESOS	Mr. Ashutosh Khajuria	551,500	851,500
	Mr. Harsh Dugar	1,785,000	NA
	Ms. Shalini Warriar	1,537,700	2,061,900

[@] Not significant related party transaction in FY 2023-24

[#] Not significant related party transaction in FY 2022-23

* Denotes figures less than ₹ 1 Lakh.

NA - Not a related party during the FY 2022-23

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2.4. DEFERRED TAX ASSETS / LIABILITY (AS 22)

The major components of deferred tax assets and deferred tax liabilities are as under:

Particulars	(Amount in ₹ Crore)	
	March 31, 2024	March 31, 2023
Deferred Tax Liability		
Tax effect of items constituting deferred tax liability:		
(i) Interest accrued but not due	242.82	198.40
(ii) Depreciation on Investments	3.37	3.37
(iii) Depreciation on Fixed assets	6.39	4.81
(iv) Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961	283.31	239.43
(v) Others	7.64	3.41
Total - (A)	543.53	449.42
Deferred Tax Asset		
Tax effect of items constituting deferred tax assets:		
(i) Interest/premium paid on purchase of securities	0.36	0.36
(ii) Provision for Standard Assets	313.70	364.54
(iii) Others	201.76	166.26
Total - (B)	515.82	531.16
Net Deferred tax liability/ (Asset) (A-B)	27.71	(81.74)

3. OTHER DISCLOSURES
3.1. EARNINGS PER SHARE (AS 20)

Basic and diluted earnings per equity share of the Bank have been computed in accordance with AS 20 – Earnings Per Share. Basic earnings per equity share has been computed by dividing net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share has been computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of shares outstanding during the period adjusted for the effect of all dilutive potential equity shares outstanding during the period. The dilutive impact is on account of stock options granted to employees by the Bank.

The following table sets forth, for the years indicated, the computation of earnings per share.

Particulars	March 31, 2024	March 31, 2023
Earnings used in the computation of basic and diluted earnings per share (Net profit after tax) (₹ in Crore)	3,720.60	3,010.59
Basic earnings per share (in ₹)	16.07	14.27
Effect of potential equity shares (in ₹)	(0.20)	(0.14)
Diluted earnings per share (in ₹)	15.87	14.13
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)	231.58	210.91
Add: Effect of potential number of equity shares for stock options outstanding (in Crore)	2.88	2.22
Diluted weighted average number of equity shares outstanding (in Crore)	234.46	213.13

3.2. SHARE CAPITAL
A. Equity Issue

During the year, the Bank had issued 230,477,634 equity shares of ₹ 2 each for cash pursuant to a Qualified Institution Placement (QIP) as per the relevant provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 at ₹ 131.90 per share aggregating to ₹ 3,040.00 Crore (including share premium). This resulted in an increase of ₹ 46.10 Crore in share capital and ₹ 2,954.17 Crore (net of issue expenses) in share premium account (previous year Nil)

THE FEDERAL BANK LIMITED
SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

During the year, Bank had issued 72,682,048 equity shares of ₹ 2 each for cash pursuant to a preferential allotment as per the relevant provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 at ₹ 131.91 per share aggregating to ₹ 958.75 Crore (including share premium). This resulted in an increase of ₹ 14.53 Crore in Share Capital and ₹ 943.62 Crore (net of share issue expenses) in share premium account. (previous year Nil).

During the year, the Bank has allotted 15,991,113 (previous year 13,637,270) equity shares consequent to exercise of ESOS vested. Accordingly, the share capital increased by ₹ 3.20 Crore (previous year ₹ 2.73 Crore) and share premium account increased by ₹ 143.73 Crore (previous year ₹ 92.40 Crore).

During the previous year, the share capital of the Bank increased by ₹ 0.35 Lakhs and Reserves (share premium) increased by ₹ 8.40 Lakhs consequent to allotment of 17,500 shares pertaining to Rights issue of 2007, which were kept in abeyance following Orders from Courts. Further, the share capital increased by ₹ 0.04 Lakhs and Reserves (share premium) increased by ₹ 0.53 Lakhs consequent to receipt of calls in arrears pertaining 2,500 shares.

B. Subscribed and paid up capital includes:

- 16,590 equity shares of ₹ 2/- each (previous year 16,590 equity shares of ₹ 2/- each) issued for consideration other than cash.
- 24,656,664 underlying equity shares of ₹ 2/- each (previous year 25,361,023 equity shares of ₹ 2/- each) held by custodian on behalf of holders of Global Depository Receipts (GDRs).

C. The following allotments are kept pending following Orders from various Courts:

- 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.
- 262,100 equity shares of ₹ 2/- each (previous year 262,100 equity shares of ₹ 2/- each) pertaining to the Rights issue of 1996 issued at a premium of ₹ 28/- per share.
- 1,056,665 equity shares of ₹ 2/- each (previous year 1,056,665 equity shares of ₹ 2/- each) at a premium of ₹ 48/- per share pertaining to Rights issue of 2007.

Listing of shares and credit in demat account in respect of the following Bonus issues are kept in abeyance consequent to injunction orders from various Courts.

- 396,670 equity shares of ₹ 2/- each (previous year 396,670 equity shares of ₹ 2/- each) out of the Bonus issue of 2004 and
- 597,005 equity shares of ₹ 2/- each (previous year 597,005 equity shares of ₹ 2/- each) out of the Bonus issue of 2015.

D. Employee Stock Option Scheme (ESOS)
(i) Employee Stock Option Scheme 2010 (ESOS 2010)

Shareholders of the Bank had approved Employee Stock Option Scheme 2010 (ESOS 2010) through postal ballot, the result of which was announced on December 24, 2010, enabling the Board and/or the "Compensation Committee" to grant such number of equity shares, including options, of the Bank not exceeding 5% of the aggregate number of paid up equity shares of the Bank, in line with the guidelines of SEBI. The options granted will vest based on the status of the employee on the date of vesting, subject to the fulfilment of the performance criteria for the vesting. The exercise period would commence from the date of vesting and will expire on the completion of five years from the date of vesting of options.

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SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

Stock option activity under the Scheme for the year ended March 31, 2024 is set out below:

Particulars	No. of Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	1,559,870	53.70-112.35	67.76	0.97
Granted during the year*	5,529,550	125.25-125.25	125.25	7.66
Exercised during the year	1,139,220	53.70-112.35	64.33	-
Forfeited/lapsed during the year	52,650	62.00-125.25	94.44	-
Outstanding at the end of the year	5,897,550	53.70-125.25	122.09	7.21
Exercisable at the end of the year	395,000	53.70-112.35	78.05	0.97

Stock option activity under the Scheme for the year ended March 31, 2023 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	8,277,686	28.63 - 112.35	51.40	0.81
Granted during the year	-	-	-	-
Exercised during the year	5,038,853	28.63- 79.45	48.76	-
Forfeited/lapsed during the year	1,678,963	28.63 - 62.00	44.09	-
Outstanding at the end of the year	1,559,870	53.70 -112.35	67.76	0.97
Exercisable at the end of the year	1,559,870	53.70 -112.35	67.76	0.97

*Details of options granted during the year ended March 31, 2024 are given below:

Date of grant	No. of options Granted	Grant price (₹ per option)
May 27, 2023	5,529,550	125.25

As per SEBI guidelines and the Guidance Note on "Accounting for Share-based Payments" issued by the ICAI, the accounting for ESOS can be done either under the "Intrinsic value method" or "Fair value method". The Compensation Committee in their meeting dated May 10, 2012 decided to adopt "Intrinsic value method" for accounting of ESOS, in terms of the power vested on them as per the resolution of EGM dated December 24, 2010. 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, 2024 (previous year Nil).

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.

THE FEDERAL BANK LIMITED
SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

Stock option activity under the Scheme for the year ended March 31, 2024 is set out below:

Particulars	No. of Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	72,283,662	38.30-135.65	81.81	3.84
Granted during the year*	105,000	126.15-148.10	140.11	7.70
Exercised during the year	14,851,893	38.30-116.85	93.56	-
Forfeited/lapsed during the year	1,709,279	38.30-116.85	107.07	-
Outstanding at the end of the year	55,827,490	38.30-148.10	78.02	3.40
Exercisable at the end of the year	40,646,578	38.30-116.85	80.69	2.47

Stock option activity under the Scheme for the year ended March 31, 2023 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	77,129,660	38.30 - 116.85	81.24	4.49
Granted during the year**	4,503,375	87.30-135.65	89.07	7.49
Exercised during the year	8,598,417	38.30-116.85	82.05	-
Forfeited/lapsed during the year	750,956	38.30-116.85	64.12	-
Outstanding at the end of the year	72,283,662	38.30-135.65	81.81	3.83
Exercisable at the end of the year	47,477,097	38.30-116.85	91.75	2.48

*Details of options granted during the year ended March 31, 2024 are given below:

Date of grant	No. of options Granted	Grant price (₹ per option)
May 20, 2023	25,000	126.15
July 05, 2023	5,000	132.00
August 29, 2023	50,000	143.90
November 18, 2023	25,000	148.10

**Details of options granted during the year ended March 31, 2023 are given below:

Date of grant	No. of options Granted	Grant price (₹ per option)
June 18, 2022	4,258,375	87.30
July 07, 2022	35,000	95.55
October 07, 2022	150,000	120.85
November 14, 2022	5,000	135.05
January 10, 2023	5,000	135.65
February 17, 2023	50,000	130.25

As per SEBI guidelines and the Guidance Note on "Accounting for Share based payments" issued by the ICAI, the accounting for ESOS can be done either under the "Intrinsic value method" or "Fair value method". The Compensation Committee in their meeting dated May 10, 2012 decided to adopt "Intrinsic value method" for accounting of ESOS, in terms of the power vested on them as per the resolution of EGM dated December 24, 2010. Accordingly options under the scheme are accounted using the intrinsic value method except as stated otherwise. No cost has been incurred by the Bank on ESOS issued to the employees of the Bank under the intrinsic value method during the year ended March 31, 2024 (previous year Nil).

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SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

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, the Bank has recognised ₹ 1.51 Crore as employee cost in the Profit and Loss Account during the year ended March 31, 2024 (previous year ₹ 1.11 Crore).

The options were exercised regularly throughout the year and weighted average share price as per National Stock Exchange price volume data during the year ended March 31, 2024 was ₹ 142.02 (previous year ₹ 116.59).

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. During the year, no options were granted.

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, 2024 is set out below:

Particulars	No. of Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year *	25,000	2.00	2.00	5.69
Exercised during the year	-	-	-	-
Forfeited/lapsed during the year	-	-	-	-
Outstanding at the end of the year	25,000	2.00	2.00	5.69
Exercisable at the end of the year	-	-	-	-

*Details of options granted during the year ended March 31, 2024 are given below:

Date of grant	No. of options Granted	Grant price (₹ per option)
December 04, 2023	25,000	2.00

As per SEBI guidelines and the Guidance Note on "Accounting for Share-based Payments" issued by the ICAI, the accounting for stock options can be done either under the "Intrinsic value method" or "Fair value method". As per the approval of shareholders, the Bank has adopted 'Fair value method' for accounting of stock options. Accordingly, the Bank has recognised ₹ 0.07 Crore as employee cost in the Profit and Loss Account during the year ended March 31, 2024.

v) Effect of Fair value method of accounting ESOS & ESIS

If "Fair Value Method" had been adopted based on "Black-Scholes pricing model" for pricing and accounting of options which are presently accounted using "Intrinsic Value Method", net profit after tax would be lower by ₹ 14.27 Crore (previous year ₹ 15.17 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 ₹ 16.00 and ₹ 15.82 (previous year ₹ 14.20 and ₹ 14.07) respectively.

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SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

Weighted average fair value of options granted during the years ended March 31, 2024 and March 31, 2023 are as follows:

Particulars	March 31, 2024	March 31, 2023
Weighted average fair value of options granted during the year (in ₹)	40.01	31.93

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, 2024	March 31, 2023
Dividend yield	0.8% - 2%	1% - 2%
Expected life (in years)	2.5 -5	3-5
Risk free interest rate	5.00% - 8.50%	5.00% -8.50%
Expected volatility	20% - 50%	20% - 50%
How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	Volatility is based on historical data over the expected life of the option.	Volatility is based on historical data over the expected life of the option.
The method used and the assumptions made to incorporate the effects of expected early exercise.	It is assumed that the options will be exercised within the exercise period.	It is assumed that the options will be exercised within the exercise period.
Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition	Stock price and risk free interest rate are variables based on actual market data at the time of valuation.	Stock price and risk free interest rate are variables based on actual market data at the time of valuation.

Note: The above information is certified by the actuary and relied upon by the auditors.

E. Dividend

The Board of Directors have recommended a final dividend of 60% i.e. ₹ 1.20 per Equity Share on face value of ₹ 2.00 each for the year 2023-24 (Previous Year ₹ 1.00 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 ₹ 292.24 Crore from the Profit and Loss Account for the year ended March 31, 2024. 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 ₹ 1.00 per equity share amounting ₹ 234.91 Crore pertaining to year ended March 31, 2023, has been considered as an appropriation from the Profit and Loss Account during the year.

3.3. FIXED ASSETS
a) Fixed Assets as per Schedule 10 include Software and System Development Expenditure. Details regarding the same are tabulated below:

Particulars	(Amount in ₹ Crore)	
	March 31, 2024	March 31, 2023
Gross Block		
At cost as on 31 st March of the preceeding year	503.96	370.81
Additions during the year	53.17	133.15
Deductions / Adjustments during the year	-	-
At the end of the year	557.13	503.96
Depreciation / Amortization		
At the beginning of the year	314.22	261.07
Charge for the year	74.34	53.15
Deductions / Adjustments during the year	-	-
Depreciation to date	388.56	314.22
Net Block	168.57	189.74

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SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

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, 2024 and March 31, 2023.

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 ₹ 218.15 Crore (previous year: ₹ 192.72 Crore) was charged to Profit and Loss Account.

There are no provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements. There are generally no undue restrictions or onerous clauses in the agreements.

3.5. PROVISIONS AND CONTINGENCIES
a) Movement in provision for non-credit related* frauds included under other liabilities

Particulars	(Amount in ₹ Crore)	
	March 31, 2024	March 31, 2023
Opening balance	29.73	6.67
Additions during the year	5.23	23.16
Reductions during the year	0.30	0.10
Closing balance	34.66	29.73

* Provision for credit related frauds is included in Provision towards NPAs.

b) Movement in provision for other contingencies

Particulars	(Amount in ₹ Crore)	
	March 31, 2024	March 31, 2023
Opening provision	85.31	76.47
Provision made during the year	2.41	11.10
Provision utilized for write off during the year	1.02	0.78
Reductions during the year	11.65	1.48
Closing provision	75.05	85.31

c) Movement in floating provision

Particulars	(Amount in ₹ Crore)			
	Standard Asset Provision		NPA Provision	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Opening balance	12.75	12.75	69.18	69.18
Provision made during the year	-	-	-	-
Amount drawn down during the year	-	-	-	-
Closing balance	12.75	12.75	69.18	69.18

3.6. DESCRIPTION OF CONTINGENT LIABILITIES:
a) Claims against the Bank not acknowledged as debts

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax and other statutory authorities and disputed by the Bank.

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b) Liability on account of forward exchange and derivative contracts

The Bank presently enters into foreign exchange contracts and interest rate swaps with interbank Counterparties and Customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows in the same currency based on fixed rates or benchmark reference. The notional amounts of such foreign exchange contracts and derivatives provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The fluctuation of market rates and prices cause fluctuations in the value of these contracts and the contracted exposure become favorable (assets) or unfavorable (liabilities). The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly as the aggregate contractual or notional amount of derivative financial instruments on hand can vary and the market rate fluctuations can decide the extent to which instruments are favorable or unfavorable.

c) Guarantees given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

d) Acceptances, endorsements and other obligations

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

e) Other items for which the Bank is contingently liable

Includes Capital commitments and 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, 2024 was ₹ 4,019.07 Crore (previous year: ₹ 4,813.29 Crore).

The aggregate amount of the participation issued by the Bank, reduced from advances as per regulatory guidelines, outstanding as of March 31, 2024 was ₹ 4,105.00 Crore (previous year: ₹ 1,120.00 Crore).

3.8. PROVISION FOR LONG TERM CONTRACTS

The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any Law/Accounting Standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements.

3.9. CORPORATE SOCIAL RESPONSIBILITY (CSR)

- The gross amount required to be spent by the Bank on Corporate Social Responsibility (CSR) related activities during the year ended March 31, 2024, was ₹ 57.55 Crore (previous year ₹ 43.88 Crore).
- The amount approved by the Board of the Bank to be spent during the year was ₹ 57.55 Crore (previous year ₹ 43.88Crore).
- Amount spent/transferred to separate CSR unspent account during the year is given below:

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The following table sets forth, for the years indicated, the amount spent by the Bank on CSR related activities.

Sl. No.	Particulars	March 31, 2024			March 31, 2023		
		Spent during the year	Transferred to separate CSR unspent account	Total	Spent during the year	Transferred to separate CSR unspent account	Total
1.	Construction / acquisition of any asset	-	-	-	-	-	-
2.	On purpose other than (1) above	60.67*	10.34 [§]	71.01	30.86 [@]	15.97	46.83

*Includes ₹ 13.46 Crore spent from unspent CSR account pertaining to ongoing projects of FY 2022-23.

[§] ₹ 10.34 Crore pertaining to ongoing projects of FY 2023-24 was transferred to unspent CSR account within the prescribed timeline.

[@] Includes ₹ 2.95 Crore spent from unspent CSR account pertaining to ongoing projects of FY 2021-22.

The following table sets forth the summary of amount pertaining to ongoing projects transferred to separate CSR unspent account:

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		
2022-23	3.29	43.88	27.91	2.95	15.97	16.31
2023-24	16.31	57.55	47.21	13.46	10.34 [§]	13.19

[§] ₹ 10.34 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.

Sl. No.	Related Party	(Amount in ₹ Crore)	
		March 31, 2024	March 31, 2023
1	Federal Bank Hormis Memorial Foundation*	59.23**	27.30
	Total	59.23	27.30

*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 2023-24 amounting to ₹ 45.96 Crore and Donations to FHMF from unspent CSR account for ongoing projects identified during FY 2022-23 amounting to ₹ 13.27 Crore.

3.10. INVESTOR EDUCATION AND PROTECTION FUND

There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Bank during the years ended March 31, 2024 and March 31, 2023.

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. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments during the years ended March 31, 2024 and March 31, 2023. 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, 2024 (Contd.)

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. 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.

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 The Federal Bank Limited

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No: 105047W

A P Hota
Chairman
DIN: 02593219

Shyam Srinivasan
Managing Director & CEO
DIN: 02274773

Swapnil Kale
Partner
Membership No: 117812
Place: Mumbai

Shalini Warriar
Executive Director
DIN: 08257526

Harsh Dugar
Executive Director
DIN: 00832748

For **Suri & Co**
Chartered Accountants
ICAI Firm Registration No: 0042835

Venkatraman Venkateswaran
Chief Financial Officer

Samir P Rajdev
Company Secretary

G. Rengarajan
Partner
Membership No: 219922
Place: Kochi

Manikandan Muthiah
Head - Financial Reporting

Place: Kochi
Date : May 02, 2024

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 (hereinafter referred to as the "Bank") and its subsidiaries (Bank and its subsidiaries together referred to as "the Group") and its associates, which comprises the Consolidated Balance Sheet as at March 31, 2024, the Consolidated Profit and Loss Account, the Consolidated Cash Flows Statement for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "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 and financial information of one associate as certified by the Management of the associate, the aforesaid Consolidated Financial Statements give the information required by the Banking Regulation Act, 1949, circular, directions and the guidelines issued by the Reserve Bank of India ("the RBI") from time to time ("the RBI Guidelines") and the Companies Act, 2013 ("the Act") in the manner so required for banking companies and give a true and fair view in conformity with the Accounting Standards prescribed under Section 133 of the Act read with Companies (Accounting Standards) Rules, 2021 and other accounting principles generally accepted in India, of their consolidated state of affairs of the Group and its associates as

at March 31, 2024, of consolidated profit, and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered 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 associates in accordance with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements in India in terms of the Code of Ethics issued by the ICAI, and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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, 2024. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1	<p>Identification of and provisioning for Non-Performing Advances ("NPA")</p> <p>Total Loans and Advances (Net of Provisions) as at March 31, 2024: ₹ 2,18,11,02,815 thousands</p> <p>Provision for NPA as at March 31, 2024: ₹ 3,25,75,202 thousands of which Total Loans and Advances (Net of Provision) as at March 31, 2024: ₹ 2,09,40,33,349 thousands* & Provision of NPA as at March 31, 2024: ₹ 3,21,93,202 thousands* relates to the Bank.</p> <p>(Refer to Schedule 9 and Schedule 17(5.5.2))</p> <p>* the amounts relating to the Bank are before consolidation adjustments including intercompany eliminations, if any.</p>	<p>Our audit procedures in respect of this area included, but not limited to:</p> <p>Process understanding and control testing:</p> <ul style="list-style-type: none"> Obtained an understanding of management's process, systems/ applications and controls implemented in relation to advances, identification of NPA and provisions thereon. Tested system/application controls including automated process, controls and system-based reconciliations pertaining to advances, NPA identification and provision on advances as per IRAC norms and Board approved policy. <p>Performed other substantive procedures including the following, but not limited to:</p> <ul style="list-style-type: none"> Selected samples for testing, based on quantitative and qualitative risk factors. For the selected samples, tested accuracy of days past due computation, assets classification at borrower level and provisioning as per IRAC norms and Board approved policy. Verified samples selected based on quantitative and qualitative factors to test their conduct, security valuation, impairment indicators basis their financial strength or external factors if any.

INDEPENDENT AUDITORS' REPORT (Contd.)

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
	<p>Since the identification of NPAs and provisioning for advances requires a significant level of estimation and given its significance to the overall audit including possible observation by RBI which could result into disclosure in the financial statements, we have ascertained identification and provisioning for NPAs as a key audit matter.</p>	<ul style="list-style-type: none"> Inquired with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which needs to be factored in classification of account as NPA. Discussed with the management of the Bank on sectors where there is perceived credit risk and the steps taken by management to mitigate the risks pertaining to identified stress sectors.
2	<p>Information Technology ("IT") systems and controls impacting financial controls</p> <p>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.</p> <p>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.</p> <p>We have identified 'IT systems and controls' as a key audit matter considering the high level of automation, significant number of systems being used by management and the complexity of the IT architecture and its impact on overall financial reporting process and regulatory expectation on automation.</p>	<p>Key IT audit procedures performed included the following, but not limited to:</p> <ul style="list-style-type: none"> For testing the IT general controls, application controls and IT dependent manual controls, we involved IT specialists as part of the audit. The team also assisted in testing the accuracy of the information produced by the Bank's IT systems. Obtained a comprehensive understanding of IT applications landscape implemented at the Bank. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology. Key IT audit procedures includes testing design and operating effectiveness of key controls operating over user access management (which includes user access provisioning, de-provisioning, access review, password configuration review, segregation of duties and privilege access), change management (which include change release in production environment are compliant to the defined procedures and segregation of environment is ensured), program development (which include review of data migration activity), computer operations (which includes testing of key controls pertaining to, backup, Batch processing (including interface testing), incident management and data centre security), System interface controls. This included testing that requests for access to systems were appropriately logged, reviewed, and authorized. In addition to the above, the design and operating effectiveness of certain automated controls, that were considered as key internal system controls over financial reporting were tested. Using various techniques such as inquiry, review of documentation / record / reports, observation, and re-performance. We also tested few controls using negative testing technique. Tested compensating controls and performed alternate procedures, where necessary. In addition, understood where relevant changes made to the IT landscape during the audit period.

The following Key Audit Matters were included in the Annexure to highlights memorandum as a part of Group Audit Instructions dated April 29, 2024 of Fedbank Financial Services Limited, a subsidiary of the Bank issued by their auditors BSR & Co. LLP, independent firm of Chartered accountants reproduced by us as under:

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1	<p>Provision on loans and advances ('Provision')</p> <p>Refer to the accounting policies in "Note 2.10 and 2.21 to the Special Purpose Financial Statements".</p> <p>Charge to the Statement of Profit and Loss: ₹ 40,830 thousands</p> <p>Provision as at March 31, 2024: ₹ 11,63,867 thousands</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> Performed walkthroughs and assessed the design and implementation of controls in respect of the Company's provision process such as the timely recognition of provision, the completeness and accuracy of reports used in the provision process and management review processes on computation of provision as per Companies policy. Understanding and testing the processes, systems and controls implemented in relation to provision process. Testing the controls over determination of days past due status.

INDEPENDENT AUDITORS' REPORT (Contd.)

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
	<p>The Company also assesses adequacy of provision through an "expected credit loss" (ECL) model which is based on probability of default and loss given default methodology. The difference between ECL and provisions determined as stated above is recorded as a management overlay.</p> <p>Recognition and measurement of loss allowance for Provision on loans and advances involves management judgement</p> <p>The Company's ECL loss allowance is derived from estimates including consideration of the historical default and loss ratios and forward-looking risk variables. The Company exercises judgements in determining the quantum of loss based on a range of other factors.</p> <p>The most significant factors are:</p> <ul style="list-style-type: none"> ▪ Segmentation of loan book ▪ Determination of exposure at default ▪ Loan staging criteria ▪ Calculation of probability of default / loss given default ▪ Consideration of probability weighted scenarios and forward looking macro-economic factors <p>The application of ECL model requires several data inputs, including estimation of 12-month ECL for a pool of loans and lifetime for other pool of loans. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model.</p> <p>The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the financial statements, we have considered this as a key audit matter.</p>	<ul style="list-style-type: none"> ▪ Testing the controls over 'Governance Framework' in line with the RBI guidance and with Company's laid down policy. ▪ Assessing the design and implementation of key internal financial controls over identification, classification, and measurement of provision, including for loans which were restructured. ▪ Testing of key review controls over measurement of loss allowances and disclosures in special purpose financial statements. <p>We involved financial risk modelling specialists for the following:</p> <ul style="list-style-type: none"> ▪ Evaluating the appropriateness of the Company's ECL methodology and reasonableness of assumptions used. ▪ Test of details over of calculation of provision for assessing the completeness, accuracy, and relevance of data as per regulatory guidelines and the Company's accounting policies. ▪ Tested through independent check, Company's assessment of restructured pool impacts on segments of its loan portfolio and the resultant loss allowance. ▪ Verifying application of accounting principles, validating completeness and accuracy of the data and reasonableness of assumptions used in the model. ▪ Test of details over of calculation of loss allowance for assessing the completeness, accuracy, and relevance of data. ▪ For model derived outputs, verifying the calculations through re-computation where practicable. ▪ Checking data for assessing 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).
2	Information Technology (IT) systems and controls	
	<p>The Company's key financial accounting and reporting processes are highly dependent on information systems including automated controls, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being misstated. The Company uses multiple systems for its overall special purpose financial reporting process.</p> <p>We have identified 'Information Technology systems' as key audit matter because of the significant level of automation, the various layers and elements of the IT architecture.</p>	<p>Our audit procedures to assess the IT system management included the following:</p> <p>Understand General IT Controls (GITC) i.e., Access Controls, Program/ System Change, Computer Operations (i.e., Job Processing, Data/System Backup) over key financial accounting and reporting systems and supporting control systems (referred to as in-scope systems).</p> <p>Understand IT infrastructure i.e., operating systems and databases supporting the in-scope systems.</p> <p>Test the General IT Controls for design and operating effectiveness for the audit period over the in-scope systems.</p> <p>Understand IT application controls covering:</p> <ul style="list-style-type: none"> ▪ user access and roles, segregation of duties; and ▪ reports and system configuration. <p>Test the IT application controls for design and operating effectiveness for the audit period.</p> <p>Test the automated controls supporting financial reporting process to determine whether these controls remained unchanged during the special purpose audit period or were changed following the standard change management process.</p> <p>Test the controls over the IT infrastructure covering user access (including privilege users), and system changes; and</p> <p>Enquiry on data security controls in the context of staff working from remote location during the year.</p> <p>Based on procedures performed above, wherever required, we extended our audit procedures over other IT application controls, periodic reconciliations, manual approval processes, tests on identified key changes and additional substantive testing.</p>

INDEPENDENT AUDITORS' REPORT (Contd.)

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Bank's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the Consolidated Financial Statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the Consolidated Financial Statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Bank's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with Companies (Accounting Standards) Rules, 2021 and provisions of Section 29 of the Banking Regulation Act, 1949 and RBI Guidelines as applicable to the Bank. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and of its associates and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate

internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Bank, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless their respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates are responsible for overseeing the financial reporting process of the Group and of its associates.

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

INDEPENDENT AUDITORS' REPORT (Contd.)

from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has internal financial controls with reference to Consolidated Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates 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 associates 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 associates to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Bank and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements for the year ended March 31, 2024 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 ₹ 11,04,95,864 thousands as at March 31, 2024; total revenues of 1,72,50,416 thousands and net cash flows amounting to ₹ (26,64,024) thousands 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 ₹ 2,78,117 thousands for the year ended March 31, 2024, as considered in the Consolidated Financial Statements, in respect of one 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 by the Management 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 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 associate, is based solely on the reports of the other auditors.

INDEPENDENT AUDITORS' REPORT (Contd.)

- b. The Consolidated Financial Statements also include the Group's share of net profit of ₹ 86,947 thousands for the year ended March 31, 2024, as considered in the Consolidated Financial Statements, in respect of one associate, whose financial information have not been audited by us. This financial information are unaudited and have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this 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 associate, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, this financial information are not material to the Group.

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 and the financial information certified by the Management.

- c. The Consolidated Financial Statements of the Bank for the year ended March 31, 2023, were audited by another auditor whose report dated May 05, 2023 expressed an unmodified opinion on those Consolidated Financial Statements. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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 one associate and financial information of one associate as certified by the Management of the associate, as noted in the Other Matters Section above we report, to the extent applicable, that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

- c. The Consolidated Balance Sheet, the Consolidated Profit and Loss Account, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

- d. In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act to the extent they are not inconsistent with the guidelines prescribed by the RBI.

- e. On the basis of the written representations received from the directors of the Bank as on March 31, 2024 taken on record by the Board of Directors of the Bank and the reports of the statutory auditors of two subsidiaries and one associate incorporated in India, none of the directors of the Group companies and its associate company incorporated in India are disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.

- f. With respect to the adequacy of internal financial controls with reference to financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us based on our audit and on the consideration of report of the other auditor on separate financial statements of two subsidiaries and one associate as noted in the 'Other Matters' paragraph:

- i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate – Refer Schedule 12, Note 5.21 of Schedule 17 and Note 1.8 of Schedule 18 to the Consolidated Financial Statements;

- ii. Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Schedule 12, Note 5.21 of Schedule 17 and Note 1.8 of Schedule 18 to the Consolidated Financial Statements in

INDEPENDENT AUDITORS' REPORT (Contd.)

INDEPENDENT AUDITORS' REPORT (Contd.)

- 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 incorporated in India - Refer Note 1.17 of Schedule 18 to the Consolidated Financial Statements.
- iv. (1) The respective Managements of the Bank, its two subsidiaries and one associate which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associate respectively that, to the best of their knowledge and belief, as disclosed in Note 1.18 of Schedule 18 to the Consolidated Financial Statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank or any of such subsidiaries and associate to or in any other person or entity, including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that such parties shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank or any of such subsidiaries and associate ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (2) The respective Managements of the Bank, its two subsidiaries and one associate which are companies incorporated in India whose financial statements have been audited under

- the Act have represented to us and the other auditors of such subsidiaries and associate respectively that, to the best of their knowledge and belief, as disclosed in Note 1.18 of Schedule 18 to the Consolidated Financial Statements, no funds have been received by the Bank or any of such subsidiaries and associate from any person or entity, including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Bank or any of such subsidiaries and associate shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (3) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the two subsidiaries and one associate which are companies incorporated in India whose Financial Statements have been audited under the Act, and according to the information and explanations provided to us by the Management of the Bank in this regard nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.
- v. The Bank, one subsidiary and two associates have declared and paid dividend during the year which is in compliance with section 123 of the Act and the Banking Regulation Act, 1949 as applicable.

- vi. Based on our examination which includes test checks and that performed by the respective auditors of the two subsidiaries and one associate which are companies incorporated in India whose Financial Statements have been audited under the Act, the Bank, two subsidiaries and one associate have used accounting softwares for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit, we and respective auditors of the above referred subsidiaries and associate did not come across any instance of audit trail feature being tampered with.
- h. With respect to the matters to be included in the Auditor's Report under Section 197(16): In our opinion, according to information and explanations given to us, the remuneration paid by the two subsidiaries and one associate to its directors is within the limits laid

prescribed under Section 197 of the Act and the rules thereunder. Further, the Bank is a banking company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under Section 197 of the Companies Act, 2013 do not apply to the Bank.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration
Number: 105047W

For Suri & Co
Chartered Accountants
ICAI Firm Registration
Number: 0042835

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 24117812BKFI08502

G. Rengarajan
Partner
Membership Number: 219922
UDIN: 24219922BKCLRC2512

Mumbai
May 02, 2024

Kochi
May 02, 2024

INDEPENDENT AUDITORS' REPORT (Contd.)

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE FEDERAL BANK LIMITED FOR THE YEAR ENDED 31 MARCH 2024

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the Consolidated Financial Statements of the Bank as of and for the year ended March 31, 2024, we have audited the internal financial controls with reference to Consolidated Financial Statements of The Federal Bank Limited (hereinafter referred to as the "the Bank") and its subsidiaries (the Bank and its subsidiaries together referred to as "the Group") and its associates, 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 and its associate companies, 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, 2024, 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 ("Guidance Note") issued by the Institute of Chartered Accountants of India ("the ICAI").

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Bank, its subsidiary companies and its associate companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to Consolidated Financial Statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to Consolidated Financial Statements of the Bank, its subsidiary companies and its associate companies, 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 and its associate companies, which are companies incorporated in India.

Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

Bank's internal financial control with reference to Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial

INDEPENDENT AUDITORS' REPORT (Contd.)

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 one associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration
Number: 105047W

For **Suri & Co**
Chartered Accountants
ICAI Firm Registration
Number: 0042835

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 24117812BKFIE08502

G. Rengarajan
Partner
Membership Number: 219922
UDIN: 24219922BKCLRC2512

Mumbai
May 02, 2024

Kochi
May 02, 2024

THE FEDERAL BANK LIMITED
CONSOLIDATED BALANCE SHEET

AS ON MARCH 31, 2024

(₹ in Thousands)

	Schedule	As on March 31, 2024	As on March 31, 2023
CAPITAL AND LIABILITIES			
Capital	1	4,870,703	4,232,402
Reserves and surplus	2	296,182,843	216,991,688
Minority interest	2A	8,204,808	3,519,706
Deposits	3	2,524,550,121	2,129,885,009
Borrowings	4	251,596,197	258,619,785
Other liabilities and provisions	5	92,984,793	66,791,976
TOTAL		3,178,389,465	2,680,040,566
ASSETS			
Cash and balances with Reserve Bank of India	6	115,091,150	126,042,359
Balances with Banks and money at call and short notice	7	76,847,090	51,996,928
Investments	8	610,431,159	487,022,380
Advances	9	2,181,102,815	1,819,567,490
Fixed assets	10	10,630,342	9,717,110
Other assets	11	184,286,909	185,694,299
Goodwill on consolidation		-	-
TOTAL		3,178,389,465	2,680,040,566
Contingent liabilities	12	1,020,899,448	766,059,726
Bills for collection		71,578,413	56,694,543
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 The Federal Bank Limited

 For **M S K A & Associates**
 Chartered Accountants
 ICAI Firm Registration No: 105047W

A P Hota
 Chairman
 DIN: 02593219

Shyam Srinivasan
 Managing Director & CEO
 DIN: 02274773

Swapnil Kale
 Partner
 Membership No: 117812
 Place: Mumbai

Shalini Warriar
 Executive Director
 DIN: 08257526

Harsh Dugar
 Executive Director
 DIN: 00832748

 For **Suri & Co**
 Chartered Accountants
 ICAI Firm Registration No: 0042835

Venkatraman Venkateswaran
 Chief Financial Officer

Samir P Rajdev
 Company Secretary

G. Rengarajan
 Partner
 Membership No: 219922
 Place: Kochi

Manikandan Muthiah
 Head - Financial Reporting

 Place: Kochi
 Date : May 02, 2024

THE FEDERAL BANK LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2024

(₹ in Thousands)

	Schedule	Year ended March 31, 2024	Year ended March 31, 2023
I. INCOME			
Interest earned	13	235,654,754	178,117,772
Other income	14	32,164,763	24,362,374
TOTAL		267,819,517	202,480,146
II. EXPENDITURE			
Interest expended	15	144,946,713	99,752,389
Operating expenses	16	67,666,957	52,112,053
Provisions and contingencies (Refer Note 1.8 of Schedule 18)		15,930,552	18,858,074
TOTAL		228,544,222	170,722,516
III. PROFIT/(LOSS)			
Consolidated Net profit / (loss) for the year (before Minority Interest and share of earnings / (loss) in Associates)		39,275,295	31,757,630
Add : Share of earnings / (loss) in Associates		365,064	340,597
Consolidated Net profit / (loss) for the year before Minorities' Interest		39,640,359	32,098,227
Less: Minority interest		836,083	451,036
Consolidated profit/(loss) for the year attributable to the group		38,804,276	31,647,191
Balance in Profit and Loss Account brought forward from previous year		57,630,129	43,540,278
Less: Minority interest pertaining to Pre-acquisition profit (Note 2 of Schedule 17)		425,565	2,073
Total		96,008,840	75,185,396
IV. APPROPRIATIONS			
Transfer to Revenue Reserve		5,542,518	4,265,747
Transfer to Statutory Reserve		9,301,495	7,526,486
Transfer to Capital Reserve		817,635	113,247
Transfer to Investment Fluctuation Reserve		668,442	9,690
Transfer to Investment Reserve		162,431	-
Transfer to Special Reserve		1,736,800	1,606,900
Transfer to Reserve Fund		268,024	246,567
Dividend pertaining to previous year paid during the year (Note 1.1 E of Schedule 18)		2,349,108	3,786,630
Balance carried over to Consolidated Balance Sheet		75,162,387	57,630,129
TOTAL		96,008,840	75,185,396
Earnings per share (Face value of ₹ 2/- each) (₹) (Note 1.6 of Schedule 18)			
Basic		16.76	15.01
Diluted		16.55	14.85
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 The Federal Bank Limited

 For **M S K A & Associates**
 Chartered Accountants
 ICAI Firm Registration No: 105047W

A P Hota
 Chairman
 DIN: 02593219

Shyam Srinivasan
 Managing Director & CEO
 DIN: 02274773

Swapnil Kale
 Partner
 Membership No: 117812
 Place: Mumbai

Shalini Warriar
 Executive Director
 DIN: 08257526

Harsh Dugar
 Executive Director
 DIN: 00832748

 For **Suri & Co**
 Chartered Accountants
 ICAI Firm Registration No: 0042835

Venkatraman Venkateswaran
 Chief Financial Officer

Samir P Rajdev
 Company Secretary

G. Rengarajan
 Partner
 Membership No: 219922
 Place: Kochi

Manikandan Muthiah
 Head - Financial Reporting

 Place: Kochi
 Date : May 02, 2024

THE FEDERAL BANK LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2024

	(₹ in Thousands)	
	Year ended March 31, 2024	Year ended March 31, 2023
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxes	52,138,979	42,518,956
Adjustments for:		
Depreciation on Group's Property	2,339,498	1,821,767
Provision / Depreciation on Investments	(276,308)	407,523
Amortisation of Premium on Held to Maturity Investments	1,731,776	1,744,601
Provision / Charge for Non Performing Advances	4,632,743	6,552,808
Provision for Standard Assets and Contingencies	(2,049,497)	1,500,290
Profit on sale of fixed assets (net)	(84,327)	(8,299)
Profit on Sale of Investment in Subsidiary	(991,140)	-
Employees Stock option Expense	15,824	11,364
	57,457,548	54,549,010
Adjustments for working capital changes:-		
Increase in Investments [excluding Held to Maturity Investments]	(37,957,880)	(4,894,678)
Increase in Advances	(366,168,068)	(326,605,682)
(Increase)/ Decrease in Other Assets	1,303,196	(30,283,802)
Increase in Deposits	394,665,112	313,109,796
Increase in Other liabilities and provisions	28,242,314	11,138,809
	20,084,674	(37,535,557)
Direct taxes paid (net)	(13,230,511)	(12,120,449)
Net Cash Flow from Operating Activities	64,311,712	4,893,004
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(3,279,218)	(4,840,245)
Proceeds from Sale of Fixed Assets	110,816	30,700
Profit on Sale of Investment in Subsidiary	991,140	-
Purchase of Held to Maturity Investments (net)	(86,906,367)	(93,627,897)
Net Cash flow used in Investing Activities	(89,083,629)	(98,437,442)

THE FEDERAL BANK LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

	(₹ in Thousands)	
	Year ended March 31, 2024	Year ended March 31, 2023
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	638,301	27,313
Proceeds from Share Premium (net of share issue expenses)	43,300,498	930,938
Increase in Minority Interest	4,142,701	463,727
Proceeds from Issue of Subordinate Debt	2,000,000	9,950,000
Increase/(Decrease) in Borrowings (Excluding Subordinate Debt)	(9,023,588)	52,795,924
Dividend Paid	(2,349,108)	(3,786,630)
Net Cash flow from Financing Activities	38,708,804	60,381,272
Effect of exchange fluctuation on translation reserve	(37,933)	(158,601)
Net Increase/(Decrease) in Cash and Cash Equivalents	13,898,954	(33,321,767)
Cash and Cash Equivalents at the beginning of the year	178,039,286	211,361,053
Cash and Cash Equivalents at the end of the year	191,938,240	178,039,286

Notes:

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 The Federal Bank Limited

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No: 105047W

Swapnil Kale

Partner

Membership No: 117812

Place: Mumbai

For **Suri & Co**

Chartered Accountants

ICAI Firm Registration No: 0042835

G. Rengarajan

Partner

Membership No: 219922

Place: Kochi

Place: Kochi

Date : May 02, 2024

A P Hota

Chairman

DIN: 02593219

Shalini Warriar

Executive Director

DIN: 08257526

Venkatraman Venkateswaran

Chief Financial Officer

Manikandan Muthiah

Head - Financial Reporting

Shyam Srinivasan

Managing Director & CEO

DIN: 02274773

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

	(₹ in Thousands)	
	As on March 31, 2024	As on March 31, 2023
Authorised Capital	8,000,000	8,000,000
4,000,000,000 (Previous year 4,000,000,000) equity shares of ₹ 2/- each		
Issued Capital	4,873,354	4,235,053
2,436,677,233 (Previous year 2,117,526,438) equity shares of ₹ 2/-each		
Subscribed, Called-up and Paid-up Capital	4,870,704	4,232,403
2,435,351,938 (Previous year 2,116,201,143) equity shares of ₹ 2/-each		
Less: Calls unpaid	1	1
Total	4,870,703	4,232,402

Refer Note 1.1 of Schedule 18

SCHEDULE 2 - RESERVES AND SURPLUS

	(₹ in Thousands)	
	As on March 31, 2024	As on March 31, 2023
I. Statutory Reserve		
Opening balance	46,060,766	38,534,280
Additions during the year	9,301,495	7,526,486
Deductions during the year	-	-
	55,362,261	46,060,766
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	14,643	14,661
Additions during the year	-	-
Deductions during the year	(2,327)	(18)
	12,316	14,643
(c) Others		
Opening balance	7,567,743	7,454,496
Additions during the year*	817,635	113,247
Deductions during the year	-	-
	8,385,378	7,567,743
Total (a+b+c)	8,447,785	7,632,477
III. Share premium (Refer Note 1.1 of Schedule 18)		
Opening balance	63,356,840	62,424,782
Additions during the year	44,373,289	932,058
Deductions during the year	(1,061,494)	-
	106,668,635	63,356,840

THE FEDERAL BANK LIMITED
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd.)

	(₹ in Thousands)	
	As on March 31, 2024	As on March 31, 2023
IV. Revenue and Other Reserves		
(a) Revenue Reserve		
Opening balance	29,399,164	25,133,417
Additions during the year	5,542,518	4,265,747
Deductions during the year	-	-
	34,941,682	29,399,164
(b) Investment Fluctuation Reserve		
Opening balance	1,906,890	1,897,200
Additions during the year	668,442	9,690
Deductions during the year	-	-
	2,575,332	1,906,890
(c) Special Reserve (As per section 36(1)(viii) of Income Tax Act, 1961)		
Opening balance	10,090,100	8,483,200
Additions during the year	1,736,800	1,606,900
Deductions during the year	-	-
	11,826,900	10,090,100
V. Investment Reserve Account		
Opening balance	-	-
Additions during the year	162,431	-
Deductions during the year	-	-
	162,431	-
VI. Foreign Currency Translation Reserve [Refer Schedule 17 (5.6)]		
Opening balance	(139,485)	19,116
Additions during the year	-	-
Deductions during the year	(37,933)	(158,601)
	(177,418)	(139,485)
VII. ESOP Reserve		
Opening balance	33,156	22,912
Additions during the year	15,824	11,364
Deductions during the year	(11,298)	(1,120)
	37,682	33,156
VIII. Contingency Reserve		
Opening balance	301,003	301,003
Additions during the year	-	-
Deductions during the year	-	-
	301,003	301,003
IX. Reserve Fund		
Opening balance	719,892	473,905
Additions during the year	268,024	245,987
Deductions during the year	(114,389)	-
	873,527	719,892
X. General Reserve		
Opening balance	756	757
Additions during the year	-	-
Deductions during the year	(120)	(1)
	636	756

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd.)

	(₹ in Thousands)	
	As on March 31, 2024	As on March 31, 2023
XI. Balance in Consolidated Profit and Loss Account	75,162,387	57,630,129
Grand Total (I+II+III+IV+V+VI+VII+VIII+IX+X+XI)	296,182,843	216,991,688

* - Includes Profit appropriated to Capital Reserve (net of applicable taxes and transfer to statutory reserve) on :

- a) Gain on sale of Held to Maturity Investments ₹ 769,514 Thousands (Previous year ₹ 111,106 Thousands)
- b) Profit on sale of Premises ₹ 48,121 Thousands (Previous year ₹ 2,141 Thousands)

SCHEDULE 2A - MINORITY INTEREST

	(₹ in Thousands)	
	As on March 31, 2024	As on March 31, 2023
Minority interest at the date on which parent-subsidiary relationship came into existence	786,638	786,638
Subsequent increase	7,418,170	2,733,068
Minority interest on the date of balance sheet	8,204,808	3,519,706

SCHEDULE 3 - DEPOSITS

	(₹ in Thousands)	
	As on March 31, 2024	As on March 31, 2023
A. I. Demand Deposits		
i. From Banks	2,199,300	2,179,831
ii. From others	164,943,026	151,728,327
	167,142,326	153,908,158
II. Savings Bank Deposits	578,587,491	543,369,909
III. Term Deposits		
i. From Banks	41,988,325	23,697,209
ii. From others	1,736,831,979	1,408,909,733
	1,778,820,304	1,432,606,942
Grand Total (I+II+III)	2,524,550,121	2,129,885,009
B. I. Deposits of branches in India	2,523,994,296	2,129,601,140
II. Deposits of branches outside India	555,825	283,869
Total	2,524,550,121	2,129,885,009

SCHEDULE 4 - BORROWINGS

	(₹ in Thousands)	
	As on March 31, 2024	As on March 31, 2023
I. Borrowings in India		
i. Reserve Bank of India	28,510,000	-
ii. Other Banks	66,471,083	64,201,770
iii. Other institutions and agencies	120,627,977	164,078,253
Total	215,609,060	228,280,023
II. Borrowings outside India	35,987,137	30,339,762
Grand Total (I and II)	251,596,197	258,619,785
a) Secured borrowings included in I and II above	188,106,061	205,860,584
b) Tier II bond included in I(ii) & I(iii) above	22,103,000	20,103,000

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd.)

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

	(₹ in Thousands)	
	As on March 31, 2024	As on March 31, 2023
I. Bills Payable	6,535,793	6,254,620
II. Inter - office adjustments (net)	-	-
III. Interest accrued	7,338,956	6,314,345
IV. Others (including provisions)*	79,110,044	54,223,011
Total	92,984,793	66,791,976
*Includes		
General provision for standard assets	13,239,166	15,197,410

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

	(₹ in Thousands)	
	As on March 31, 2024	As on March 31, 2023
I. Cash in hand (including foreign currency notes)	9,684,845	10,838,952
II. Balance with Reserve Bank of India		
i. in Current Accounts	105,406,305	99,203,407
ii. in Other Accounts	-	16,000,000
Total	115,091,150	126,042,359

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

	(₹ in Thousands)	
	As on March 31, 2024	As on March 31, 2023
I. In India		
i. Balances with Banks		
a. in Current Accounts	5,697,054	6,206,561
b. in Other Deposit Accounts	1,152,935	909,666
ii. Money at call and short notice		
a. With Banks	-	-
b. With other institutions	4,490,520	4,992,580
Total	11,340,509	12,108,807
II. Outside India		
i. in Current Accounts	8,829,647	5,376,721
ii. in Other Deposit Accounts	55,676,074	34,511,400
iii. Money at call and short notice	1,000,860	-
Total	65,506,581	39,888,121
Grand Total (I and II)	76,847,090	51,996,928

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd.)

SCHEDULE 8 - INVESTMENTS

	(₹ in Thousands)	
	As on March 31, 2024	As on March 31, 2023
I. Investments in India in		
i. Government securities [#]	520,842,004	426,889,671
ii. Other approved securities	-	-
iii. Shares	5,667,669	5,238,896
iv. Debentures and bonds	30,638,062	21,197,649
v. Associates*	3,512,781	3,309,313
vi. Others [@]	49,648,116	29,037,108
Total	610,308,632	485,672,637
II. Investments outside India in		
i. Government securities (including local authorities)	32,048	24,526
ii. Associates	-	-
iii. Other investments		
a. Debentures and bonds	80,221	504,502
b. Shares	10,258	10,105
c. Others (Certificate of deposit)	-	810,610
Total	122,527	1,349,743
Grand Total (I and II)	610,431,159	487,022,380
III. Investments in India		
i. Gross value of investments	615,474,595	491,054,724
ii. Aggregate of provisions for depreciation	5,165,963	5,382,088
iii. Net investment	610,308,632	485,672,636
IV. Investments outside India		
i. Gross value of investments	122,527	1,351,468
ii. Aggregate of provisions for depreciation	-	1,724
iii. Net investment	122,527	1,349,744
Total (III+IV)	610,431,159	487,022,380

[#]Securities costing ₹ 110,164,457 Thousands (Previous Year ₹ 95,151,628 Thousands) pledged for avilment 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 ₹ 150,181 Thousands (Previous Year ₹ 150,181 Thousands).

[@]Comprises of:

	(₹ in Thousands)	
	As on March 31, 2024	As on March 31, 2023
Pass Through Certificates (PTCs)	36,231,924	25,761,611
Certificate of deposits	3,946,751	1,340,611
Commercial Paper	3,128,680	492,518
Venture Capital Funds (VCFs)	1,351,010	1,242,378
Mutual fund	4,989,751	199,990
Total	49,648,116	29,037,108

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd.)

SCHEDULE 9 - ADVANCES

	(₹ in Thousands)	
	As on March 31, 2024	As on March 31, 2023
A. i. Bills purchased and discounted	47,518,540	41,692,972
ii. Cash credits, overdrafts and loans repayable on demand	878,225,323	759,432,674
iii. Term loans	1,255,358,952	1,018,441,844
Total	2,181,102,815	1,819,567,490
B. i. Secured by tangible assets*	1,868,856,855	1,526,044,412
ii. Covered by Bank/Government guarantees [#]	15,965,748	18,754,982
iii. Unsecured	296,280,212	274,768,096
Total	2,181,102,815	1,819,567,490
C. I. Advances in India		
i. Priority sector	681,141,619	559,026,962
ii. Public sector	-	124,018
iii. Banks	25,564,911	1,275,342
iv. Others	1,443,683,454	1,232,066,558
Total	2,150,389,984	1,792,492,880
C. II. Advances outside India		
i. Due from Banks	1,256,913	794,011
ii. Due from others		
a) Bills purchased and discounted	-	-
b) Syndicated loans	13,319,911	9,938,657
c) Others	16,136,007	16,341,942
Total	30,712,831	27,074,610
Grand Total (C I and C II)	2,181,102,815	1,819,567,490

* Includes Advances against book debts

[#] Includes Advances against Letter of credit issued by Banks

(Advances are net of provisions)

SCHEDULE 10 - FIXED ASSETS

	(₹ in Thousands)	
	As on March 31, 2024	As on March 31, 2023
A. Premises[#]		
Gross Block		
At cost as on 31 st March of the preceding year	3,742,876	2,968,642
Additions during the year	477,505	780,062
Deductions during the year	8,938	5,828
At the end of the year	4,211,443	3,742,876
Depreciation		
As at the beginning of the year	1,126,704	1,065,719
Charge for the year	95,114	62,800
Deductions during the year	5,514	1,815
Depreciation to date	1,216,304	1,126,704
Net Block	2,995,139	2,616,172

THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd.)

	(₹ in Thousands)	
	As on March 31, 2024	As on March 31, 2023
B. Other fixed assets		
(including furniture and fixtures)		
Gross Block		
At cost as on 31 st March of the preceding year	18,381,526	15,378,278
Additions during the year	2,945,758	3,534,735
Deductions during the year	428,362	531,487
At the end of the year	20,898,922	18,381,526
Depreciation		
As at the beginning of the year	12,094,516	10,848,649
Charge for the year	2,244,384	1,758,970
Deductions during the year	405,297	513,103
Depreciation to date	13,933,603	12,094,516
Net Block	6,965,319	6,287,010
C. Capital Work in progress (Including Capital Advances)	669,884	813,928
Grand Total (A+B+C)	10,630,342	9,717,110

Includes buildings constructed on leasehold land at different places having original cost of ₹ 1,610,074 Thousands (Previous Year ₹ 1,206,265 Thousands) and Written down value of ₹ 1,337,753 Thousands (Previous Year ₹ 976,551 Thousands) with remaining lease period varying from 51 - 62 years.

SCHEDULE 11 - OTHER ASSETS

	(₹ in Thousands)	
	As on March 31, 2024	As on March 31, 2023
I. Inter - office adjustments (net)	-	-
II. Interest accrued	21,228,649	16,805,866
III. Tax paid in advance/tax deducted at source (net of provision)	14,430,956	13,512,455
IV. Stationery and stamps	18,754	15,676
V. Non-banking assets acquired in satisfaction of claims	2,926	2,926
VI. Deferred tax asset	173,445	1,196,139
VII. Others#	148,432,179	154,161,237
Total	184,286,909	185,694,299
# Includes		
(a) Priority sector shortfall deposits	112,344,840	131,167,873
(b) Security deposits	3,034,944	2,605,333

SCHEDULE 12 - CONTINGENT LIABILITIES

	(₹ in Thousands)	
	As on March 31, 2024	As on March 31, 2023
I. Claims against the Bank not acknowledged as debts	25,086,176	18,470,244
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange contracts**	824,272,509	610,661,759
IV. Guarantees given on behalf of constituents		
a) In India	135,261,533	107,735,581
b) Outside India	-	-
V. Acceptances, endorsements and other obligations	31,506,803	25,350,115
VI. Other items for which the Bank is contingently liable@	4,772,427	3,842,027
Total	1,020,899,448	766,059,726

(Refer Note 1.13 of Schedule 18)

** - Including Derivatives

@ - includes ₹ 3,098,654 Thousands (Previous Year : ₹ 2,796,757 Thousands) being amount transferred to DEA Fund Cell, RBI and outstanding, as per RBI circular DBOD.No.DEAF Cell.BC.114/30.01.002/2013-14.

THE FEDERAL BANK LIMITED
SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT
SCHEDULE 13 - INTEREST EARNED

	(₹ in Thousands)	
	Year ended March 31, 2024	Year ended March 31, 2023
I. Interest/discount on advances/bills	191,012,992	145,078,824
II. Income on investments (including dividend)	36,857,000	27,818,767
III. Interest on balances with Reserve Bank of India and other inter-Bank funds	3,388,721	2,062,522
IV. Others*	4,396,041	3,157,659
Total	235,654,754	178,117,772

* - Includes interest on Income tax refunds amounting to ₹ 195,809 Thousands (Previous year ₹ 12,176 Thousands) accounted based on Assessment orders received.

SCHEDULE 14 - OTHER INCOME

	(₹ in Thousands)	
	Year ended March 31, 2024	Year ended March 31, 2023
I. Commission, exchange and brokerage	23,292,073	18,678,006
II. Profit on sale of investments (Net)	2,659,740	902,443
III. Profit / (Loss) on revaluation of investments (Net)	288,911	(474,312)
IV. Profit / (Loss) on sale of land, buildings and other assets (Net)	84,327	8,299
V. Profit on foreign exchange/derivative transactions (Net)	2,106,429	2,971,391
VI. Miscellaneous income**	3,733,283	2,276,547
Total	32,164,763	24,362,374

** - Includes Recoveries in assets written off ₹ 1,475,138 Thousands (Previous year ₹ 1,407,335 Thousands)

SCHEDULE 15 - INTEREST EXPENDED

	(₹ in Thousands)	
	Year ended March 31, 2024	Year ended March 31, 2023
I. Interest on deposits	126,990,906	86,127,812
II. Interest on Reserve Bank of India/Inter Bank borrowings	1,839,455	906,535
III. Others	16,116,352	12,718,042
Total	144,946,713	99,752,389

SCHEDULE 16 - OPERATING EXPENSES

	(₹ in Thousands)	
	Year ended March 31, 2024	Year ended March 31, 2023
I. Payments to and provisions for employees	31,797,004	24,402,440
II. Rent, taxes and lighting	5,227,958	4,302,499
III. Printing and stationery	595,904	533,198
IV. Advertisement and publicity	376,035	409,295
V. Depreciation on group's property	2,339,498	1,821,767
VI. Directors' fees, allowances and expenses	49,260	38,052
VII. Auditors' fees and expenses (including branch auditors' fees and expenses)	57,813	63,188
VIII. Law charges	708,903	544,431
IX. Postage, telegrams, telephones etc	1,444,209	1,256,729
X. Repairs and maintenance	1,238,016	1,152,573
XI. Insurance	2,863,293	2,318,902
XII. Other expenditure#	20,969,064	15,268,979
Total	67,666,957	52,112,053

#- Includes Corporate Social Responsibility expenditure amounting to ₹ 606,513 Thousands (Previous Year: ₹ 452,436 Thousands)

THE FEDERAL BANK LIMITED
SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024
1. BACKGROUND

The Federal Bank Limited ('FBL' or the 'Bank') together with its subsidiaries and associates (collectively, the 'Group') is a diversified financial services group providing a wide range of banking and financial services including commercial banking, retail and corporate banking, project and corporate finance, working capital finance, insurance and treasury products and services. Operations of the Group are spread all over India. The Bank was incorporated on April 23, 1931 as Travancore Federal Bank Limited to cater to the banking needs of Travancore Province.

It embarked on a phase of sustained growth under the leadership of Late K.P. Hormis. The Bank is a publicly held banking company governed by Banking Regulation Act, 1949, the Companies Act, 2013 and other applicable Acts/regulations. The Bank also has its Digital Banking Unit at Kolkata, Representative Office at Abu Dhabi & Dubai and had set up an International Financial Service Centre (IFSC) Banking unit (IBU) in Gujarat International Finance Tec-City (GIFT City). IBU at Gift city is equivalent to an Offshore Banking unit, for all regulatory purposes.

2. PRINCIPLES OF CONSOLIDATION

- (i) The consolidated financial statements relate to the Bank, its subsidiary companies and the Group's share of Profit/Loss in its associates. The details of subsidiaries and associate entities are given below:

Name of the entity	Relationship	Country of Incorporation	Ownership held by	% of Holding and voting power either directly or indirectly through subsidiary as at	
				Mar 31, 2024	Mar 31, 2023
Fedbank Financial Services Limited (FFSL)	Subsidiary Company	India	The Federal Bank Limited	61.58*	73.21
Federal Operations and Services Limited (FOSL)	Subsidiary Company	India	The Federal Bank Limited	100.00	100.00
Ageas Federal Life Insurance Company Limited	Associate	India	The Federal Bank Limited	26.00	26.00
Equirus Capital Private Limited	Associate	India	The Federal Bank Limited	19.59	19.79

*The Fedbank Financial Services Limited has issued 368,957,088 number of equity shares of face value of ₹10/- each under Initial Public Offer (IPO) sale on November 29, 2023. During the year, Bank has sold 8,214,286 shares as part of IPO/Pre IPO sale of Fedbank Financial Services.

- (ii) The financial statements of the subsidiary companies and the financial statements of the associates have been drawn up to the same reporting date as that of the Bank, i.e. March 31, 2024.
- (iii) The financial statements of the Bank and its subsidiary companies have been combined on a line-by-line basis as per AS 21, Consolidated Financial Statements by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.
- (iv) The consolidated financial statements include the share of profit of the associate companies which have been accounted for using equity method as per AS 23 Accounting for Investments in Associates in Consolidated Financial Statements. Accordingly, the share of profit of the associate companies has been added to the cost of respective investment.
- (v) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Bank's separate financial statements.
- (vi) Differences in accounting policies followed by the subsidiaries and associates have been reviewed and no adjustments have been made, since the impact of these differences is not significant.

3. BASIS OF ACCOUNTING AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Bank and its subsidiaries and associates (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read together with the Companies (Accounting 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

THE FEDERAL BANK LIMITED
SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

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 for Trading (HFT)
- Available for Sale (AFS) and
- Held to Maturity (HTM)

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

Investments which the Bank intends to hold till maturity are classified as "Held to Maturity". Investments which

are primarily held for sale within 90 days from the date of purchase are classified as "Held for Trading". As per RBI guidelines, HFT Securities which remain unsold for a period of 90 days are classified as AFS Securities on that date.

Investments which are not classified in either of the above two categories are classified as "Available for Sale".

Transfer of securities between Categories

Transfer of securities between categories of investments is accounted as per RBI Guidelines.

Acquisition Cost

In determining the acquisition cost of the Investment:

- Transaction costs including brokerage and commission pertaining to acquisition of Investments are charged to the Profit and Loss Account.
- Broken period interest is charged to the Profit and Loss Account.
- Cost of investments is computed based on the weighted average cost method.

Valuation

The valuation of investments is made in accordance with the RBI Guidelines as follows:

- a. Held for Trading /Available for Sale – Investments classified under the AFS and HFT categories are marked-to-market. The 'market value' for quoted securities shall be the prices declared by the Financial Benchmark India Pvt. Ltd. (FBIL). For securities included under AFS and HFT categories 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). Net depreciation, if any, within each category of each investment classification is recognized in Profit and Loss Account. The net appreciation, if any, under each category of each Investment classification is ignored. The depreciation on securities acquired on conversion of outstanding loan is provided in accordance with RBI guidelines. Depreciation on the securities acquired by way of conversion of outstanding loan (restructured) is not offset against the appreciation in other securities. Except in cases where provision for diminution other than temporary is created, the Book value of individual securities is not changed consequent to the periodic valuation of Investments.

THE FEDERAL BANK LIMITED
SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

- b. Held to Maturity– These are carried at their acquisition cost. Any premium on acquisition is amortized over the remaining maturity period of the security on a straight-line basis. Any diminution, other than temporary, in the value of such securities is provided for.
- c. Treasury Bills, Commercial paper and Certificate of Deposits being discounted instruments, are valued at carrying cost.
- d. Units of Mutual Funds are valued at the latest repurchase price/net asset value declared by Association of Mutual Funds in India (AMFI).
- e. Market value of investments where current quotations are not available, is determined as per the norms prescribed by the RBI as under:
- In case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the Yield to Maturity (YTM) for Government Securities as published by FBIL and suitably marked up for credit risk published by FIMMDA applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each category and credit ratings along with residual maturity issued by FIMMDA are adopted for this purpose.
 - Pass Through Certificates ('PTC') including Priority Sector PTCs are valued as per extant FIMMDA guidelines
 - In case of bonds and debentures (including Pass Through Certificates or PTCs) where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI.
 - Equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at "breakup" 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.
 - Units of Venture Capital Funds (VCF) held under AFS category where current quotations are not available are marked to market based on the Net Asset Value (NAV) shown by VCF as per the latest audited financials of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1/- per VCF. Investment in unquoted VCF are categorized under HTM category for the initial period of three years and valued at cost as per RBI guidelines.
 - Investments in Security Receipts are valued as per the latest NAV obtained from issuing Asset Reconstruction Companies, subject to floor provision requirements as per the extant asset classification and provisioning norms as applicable to the underlying loans as per RBI guidelines.
- f. Investments in subsidiaries/associates as per RBI guidelines are categorized as HTM and assessed for impairment to determine permanent diminution, if any.
- g. The Bank follows settlement date method of accounting for purchase and sale of investments.
- h. Non-Performing Investments are identified and valued based on RBI Guidelines.
- Disposal of Investments**
- a. Held for Trading and Available for Sale – Profit or loss on sale / redemption is included in the Profit and Loss Account.
- b. Held to Maturity – 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 in accordance with the RBI Guidelines. Loss on sale / redemption is charged to the Profit and Loss Account.
- 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.

THE FEDERAL BANK LIMITED
SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)
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.

The Subsidiaries

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.

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. Any premium on acquisition is amortized over the remaining maturity of the security on a constant yield to maturity basis. Such amortization of premium is adjusted against interest income from investments. The book value of investment is reduced to the extent of amount amortized during the relevant accounting period.

Investments other than long-term investments are classified as current investments and valued at lower of cost or fair value.

5.2. Advances
The Bank
Classification

Advances are classified into Standard Assets and Non-Performing Assets ('NPAs') as per the RBI guidelines and are stated net of bills rediscounted, inter-Bank participation certificates issued with risk sharing, specific provisions made towards NPAs, floating provisions and unrealized interest on NPAs. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria as per Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances (IRAC) issued by RBI. Interest on Non-Performing advances is transferred to an unrealized interest account and not recognized in Profit and Loss Account until received.

Provisioning

The Bank has made provision for Non-Performing Assets as stipulated under Reserve Bank of India (RBI) norms.

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".

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 (IRAC), the account is upgraded to standard only after the specified period/ monitoring period, subject to satisfactory performance of the account during the period.

The Bank makes additional provisions as per RBI's guidelines on 'Prudential Framework on Resolution of Stressed Assets' dated June 7, 2019 on accounts in default and with aggregate exposure above the threshold limits as laid down in the said framework where the resolution plan is not implemented within the specified timeline.

Additional provision for restructured accounts as per the relevant restructuring scheme announced by RBI for Micro, Small and Medium (MSME) sector, accounts affected by natural calamities and as per COVID 19 resolution frameworks are made as per extant RBI guidelines.

Provision for Unhedged Foreign Currency Exposure (UFCE) of borrower entities is made in accordance with the guidelines issued by RBI, which requires the Bank to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskiness of unhedged position of those entities. The Provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

The Bank makes additional provisions on loans to specific borrowers in specific stressed sectors, provision on incremental exposure to borrowers identified as per RBI's large exposure framework and on projects where Date of Commencement of Commercial Operations is delayed, as per RBI guidelines.

THE FEDERAL BANK LIMITED

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

In respect of borrowers classified as non-cooperative and wilful defaulters, the Bank makes accelerated provisions as per extant RBI guidelines.

Loans reported as fraud are classified as loss assets, and fully provided immediately without considering the value of security.

Fedbank Financial Services Limited

Advances are classified as Standard Assets or Non-performing Assets and Provisions required are made as per the guidelines of the Reserve Bank of India on matters relating to Prudential Norms as applicable to "Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 " and 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.

If such rolled over / repledged gold loans, including those which are more than 90 days overdue, have adequate margin available as required by the regulatory norms, these loans are classified as 'standard' on date of such roll over / repledge and standard asset provision rates are applied. Subsequently, if such loans are not again rolled over and the days past due exceed 90 days, such loans are classified as "non performing" asset.

Over and above the DPD based provision, the Company also carries overlays for provision basis assessment of future credit risk. The estimate of such management overlay provision to be carried in the books is reviewed & assessed on a quarterly basis.

5.3. Securitisation and transfer of assets

The Bank

The Bank enters into purchase of corporate and retail loans through direct assignments route and the same is accounted as per extant RBI guidelines.

The Bank transfers advances through inter-Bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating; the aggregate amount of participation is

classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from Banks under advances.

In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e., book value less provisions held), the shortfall is charged to the Profit and Loss Account and if the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received. Further, such reversal shall be limited to the extent to which cash received exceeds the net book value of the loan at the time of transfer as per RBI guideline.

Fedbank Financial Services Limited

The Company transfers advances with risk to transferee. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Company is reduced from advances.

In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e., book value less provisions held), the shortfall is charged to the Profit and Loss Account and if the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received. Further, such reversal shall be limited to the extent to which cash received exceeds the net book value of the loan at the time of transfer as per RBI guideline.

5.4. Country risk

The Bank

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country). The countries are categorized into seven risk categories namely insignificant, low, moderately low, moderate, moderately high, high, very high as per Export Credit Guarantee Corporation of India Limited (ECGC) guidelines and provision is made in respect of the country where the net funded exposure is 1% or more of the Bank's total funded assets.

5.5. Priority Sector Lending Certificates (PSLC)

The Bank

The Bank vide RBI circular FIDD.CO.Plan.BC.23/04.09.01/2015-16 dated April 7, 2016, trades in priority sector portfolio by selling or buying PSLC. In the case of a sale transaction, the Bank sells the fulfillment of priority

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SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

sector obligation and in the case of a purchase transaction the Bank buys the fulfillment of priority sector obligation through RBI trading platform. There is no transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the fee received from the sale of PSLCs is treated as 'Other Income'.

5.6. Transactions involving foreign exchange

The Bank

In respect of domestic operations:

- Foreign currency income and expenditure items are translated at the exchange rates prevailing on the date of the transaction.
- Foreign currency monetary items are translated at the closing exchange rates notified by Foreign Exchange Dealers Association of India (FEDAI) as at the Balance sheet date.
- The resulting net valuation profit or loss is recognized in the Profit and Loss Account.

In respect of Non-Integral Foreign Branches:

- Income and expenditure items are translated at quarterly average closing rates.
- Both Monetary and Non- Monetary foreign currency Assets and liabilities are translated at closing exchange rates notified by Foreign Exchange Dealers Association of India (FEDAI) at the Balance Sheet date.
- The resulting profit/loss arising from exchange differences are accumulated in Foreign Currency Translation Reserve until remittance or the disposal of the net investment in the non-integral foreign operations in accordance with AS-11 'The Effect of changes in Foreign Exchange Rate' as notified under the Act. Any realised gains or losses on such disposal are recognised in the Profit and Loss Account.

Valuation of Foreign Exchange Spot and Forward Contracts

- Foreign exchange spot and forward Contracts (Other than the forwards / swaps marked under Funding category) outstanding as at the Balance Sheet date are revalued at the closing Spot and Forward Rates respectively as notified by FEDAI and at interpolated / extrapolated rates for contracts of interim maturities.
- For valuation of contracts having longer maturities i.e. greater than one year, the forward points (for rates/tenures not published by FEDAI) are obtained from Reuters for valuation of the FX Deals.
- As per directions of FEDAI, the profit or loss is considered on present value basis by discounting

the forward profit or loss till the valuation date using discounting yields. The resulting profit or loss on valuation is recognized in the Profit and Loss Account.

Foreign exchange swaps taken for funding purposes is amortized and recognized as interest income / interest expense in the Profit and Loss Account.

Contingent liabilities on account of foreign exchange contracts, guarantees, letters of credit, acceptances and endorsements are reported at closing rates of exchange notified by FEDAI as at the Balance Sheet date.

Fedbank Financial Services Limited

Foreign currency income and expenditure items are translated at the exchange rates prevailing on the date of the transaction. Foreign currency monetary items are translated at the closing exchange rates notified by Foreign Exchange Dealers Association of India (FEDAI) as at the Balance sheet date. The resulting net valuation profit or loss is recognized in the Statement of Profit and Loss.

5.7. Derivative transactions

The Bank

The Bank recognizes all derivative contracts at fair value, on the date on which the derivative contracts are entered into and are re-measured at fair value as at the Balance sheet or reporting dates. Derivatives are classified as assets when the fair value is positive (Positive marked-to-market) or as liabilities when the fair value is negative (negative marked-to-market). Changes in the fair value of derivatives are recognized in the Profit and Loss Account. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of the transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge derivative transactions are accounted for in accordance with the hedge accounting principles. When applying fair value hedge accounting, the hedging instrument and hedged items are measured at fair value with changes in fair value recognised in the Profit and Loss Account.

In case of cash flow hedge, the hedging instrument is measured at fair value, but any gain or loss that is determined to be an effective hedge is recognised in Reserves and Surplus under cash flow hedge reserve and ineffective portion of an effective hedging relationship, if any, is recognised in the Profit and Loss Account. In order to match the gains and losses of the hedged item and the hedging instrument in Profit and Loss Account, the changes in fair value of the hedging instrument recognised in cash flow hedge reserve is transferred from cash flow hedge reserve and recognised in Profit and Loss Account

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at the same time that the impact from the hedged item is recognised in the Profit and Loss Account.

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The Company recognizes all derivative contracts at fair value, on the date on which the derivative contracts are entered into and are re-measured at fair value as at the Balance sheet or reporting dates. Derivatives are classified as assets when the fair value is positive (Positive marked-to-market) or as liabilities when the fair value is negative (negative marked-to-market). Changes in the fair value of derivatives are recognized in the Statement of Profit and Loss.

5.8. Revenue Recognition

The Bank

- Interest income is recognised in the Profit and Loss Account on an accrual basis in accordance with AS – 9, 'Revenue Recognition' as notified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounting Standards) Rules, 2021 and the RBI guidelines, except interest income on non-performing assets which is recognised upon receipt basis as specified in RBI guidelines.
- Interest on income tax refund is recognised in the year of receipt of Assessment Orders.
- The recoveries made from NPA accounts are appropriated based on "first in first out" policy; i.e. the earliest entry shall be realized first. If different entries are made in the account on the same day, the realization shall be in the order of charges, interest, and principal.
- Processing fees collected on loans disbursed, along with related loan acquisition costs are recognised at inception/ renewal of the loan.
- Income on discounted instruments is recognised over the tenure of the instrument on a straight-line basis.
- Guarantee commission, commission on letter of credit and annual locker rent fees, are recognised on a straight-line basis over the period of contract. Other fees and commission income are recognised when due, except in cases where the Bank is uncertain of ultimate collection.
- Dividend on Equity Shares and Preference Shares is recognised as income when the right to receive the dividend is established.

- Loan Syndication fee is accounted for on completion of the agreed service and when right to receive is established.
- In compromise settlement cases, sacrifice on settlement is accounted upfront.
- Unpaid funded interest on term loans are accounted on realisation as per the guidelines of RBI.
- The difference between the sale price and purchase cost of gold coins, 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 "Systemically Important Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Direction, 2016" 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.

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SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

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. Dividend income is recognised when the Company's right to receive is established.
 - c. 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	8 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, switches 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.

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Asset Type	Useful Life (In Years)	Method	Rate of Depreciation (%)
Computer Equipment's	3	SLM	31.67
Server	6		15.83
Office Equipment's	5	WDV	45.08
Vehicles - Cars	8		31.24
Furniture & Fixtures	10		25.88

- Lease hold improvements are being amortized over the period of lease.
- 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:-

- The cost of lease holds improvements are amortised on a straight-line basis over the lease period.
- 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.
- Assets individually costing ₹ 2,000/- or less are fully depreciated in the year of purchase.

5.10. Impairment of Assets
Group

The Group assesses at each Balance Sheet date whether there is any indication that an asset is impaired. Impairment loss, if any, is provided in the Profit and Loss account to the extent the carrying amount of assets exceeds their estimated recoverable amount.

5.11. Non-Banking Assets acquired in Satisfaction of Claims
The Bank

Non-Banking assets acquired in settlement of debts / dues are accounted at the lower of their cost of acquisition or net realizable value.

5.12. Lease transactions
Operating Lease
The Group

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognized as an expense in the Profit and Loss Account as per the lease terms in accordance with the AS-19, Leases. Initial direct costs in respect of operating leases such as legal costs, brokerage costs, etc. are recognized as expense immediately in the Profit and Loss Account.

5.13. Employee benefits
The Bank
Defined Contribution Plan
a) Provident Fund

Employees covered under contributory provident fund scheme are entitled for retirement benefit in the form of provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid on retirement, death,

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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

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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), and the same is in consonance as per the provisions and requirements under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. The Schemes provided for grant of options to Employees and whole time Directors of the Bank to acquire Equity Shares of the Bank that vest in a graded manner and that are to be exercised within a specified period.

In accordance with the SEBI Guidelines and the Guidance Note on "Accounting for Share-based payments" issued by the ICAI, the Bank follows 'Intrinsic value method' for accounting of ESOS based on which, the excess, if any, of the closing market price of the share on the date preceding the date of grant of the option under ESOS over the exercise price of the option is amortized on a straight line basis over the vesting period.

The market price is the latest available closing price, prior to the date of grant, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

However, the stock options granted to Material risk takers, after March 31, 2021 are accounted as per 'Fair value method' using Black-Scholes model, which is recognized as compensation expense over the vesting period in line with extant RBI guidelines.

Employee Stock Incentive Scheme

The Bank has formulated the Federal Bank Limited Employee Stock Incentive Scheme 2023 (ESIS 2023) in accordance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI Regulations") and other applicable laws. The Scheme provided for grant of options to Employees and whole time Directors of the Bank to acquire Equity Shares of the Bank that vest in a graded manner and that are to be exercised within a specified period.

Stock options under this scheme are granted at face value of shares. Options granted under this scheme are accounted as per 'Fair value method' using Black-Scholes model in accordance with the SEBI Guidelines and the Guidance Note on "Accounting for Share-based payments" issued by the ICAI.

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Stock options granted to employees under the stock option schemes are accounted using the intrinsic value method prescribed in the Guidance Note on Employees Share Based Payments issued by The Institute of Chartered Accountants of India. The intrinsic value of the option being excess of market value of the underlying share immediately prior to date of grant over its exercise price is considered as deferred employee compensation. The expense on deferred employee compensation is recognized in Profit and Loss Account on straight line basis over the vesting period of the option. The options that lapse are reversed by a credit to expense, equal to the amortized portion of value of lapsed portion.

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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,

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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 Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

Company follows a write back policy of provisions which are carried forward for more than 15 months, excluding those pertaining to holding Company, employee benefits or any kind of provision which is in dispute with regulatory authority.

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, 2024

Amounts in Notes to Accounts forming part of the Consolidated Financial Statements for the year ended March 31, 2024 are denominated in ₹ Crore to conform to extant RBI guidelines except where stated otherwise.

1.1. SHARE CAPITAL
A. Equity Issue

During the year, the Bank had issued 230,477,634 equity shares of ₹ 2 each for cash pursuant to a Qualified Institution Placement (QIP) as per the relevant provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 at ₹ 131.90 per share aggregating to ₹ 3,040.00 Crore (including share premium). This resulted in an increase of ₹ 46.10 Crore in share capital and ₹ 2,954.17 Crore (net of issue expenses) in share premium account (previous year Nil)

During the year, Bank had issued 72,682,048 equity shares of ₹ 2 each for cash pursuant to a preferential allotment as per the relevant provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 at ₹ 131.91 per share aggregating to ₹ 958.75 Crore (including share premium). This resulted in an increase of ₹ 14.53 Crore in Share Capital and ₹ 943.62 Crore (net of share issue expenses) in share premium account. (previous year Nil).

During the year, the Bank has allotted 15,991,113 (previous year 13,637,270) equity shares consequent to exercise of ESOS vested. Accordingly, the share capital increased by ₹ 3.20 Crore (previous year ₹ 2.73 Crore) and share premium account increased by ₹ 143.73 Crore (previous year ₹ 92.40 Crore).

During the previous year, the share capital of the Bank increased by ₹ 0.35 Lakhs and Reserves (share premium) increased by ₹ 8.40 Lakhs consequent to allotment of 17,500 shares pertaining to Rights issue of 2007, which were kept in abeyance following Orders from Courts. Further, the share capital increased by ₹ 0.04 Lakhs and Reserves (share premium) increased by ₹ 0.53 Lakhs consequent to receipt of calls in arrears pertaining 2,500 shares.

B. Subscribed and paid up capital includes:

- (i) 16,590 equity shares of ₹ 2/- each (previous year 16,590 equity shares of ₹ 2/- each) issued for consideration other than cash.
- (ii) 24,656,664 underlying equity shares of ₹ 2/- each (previous year 25,361,023 equity shares of ₹ 2/- each) held by custodian on behalf of holders of Global Depository Receipts (GDRs).

C. The following allotments are kept pending following Orders from various Courts:

- (i) Allotment of 6,530 equity shares of ₹ 2/- each (previous year 6,530 equity shares of ₹ 2/- each) pertaining to the Rights issue of 1993 issued at a premium of ₹ 5/- per share.
- (ii) 262,100 equity shares of ₹ 2/- each (previous year 262,100 equity shares of ₹ 2/- each) pertaining to the Rights issue of 1996 issued at a premium of ₹ 28/- per share.
- (iii) 1,056,665 equity shares of ₹ 2/- each (previous year 1,056,665 equity shares of ₹ 2/- each) at a premium of ₹ 48/- per share pertaining to Rights issue of 2007.

Listing of shares and credit in demat account in respect of the following Bonus issues are kept in abeyance consequent to injunction orders from various Courts.

- (i) 396,670 equity shares of ₹ 2/- each (previous year 396,670 equity shares of ₹ 2/- each) out of the Bonus issue of 2004 and
- (ii) 597,005 equity shares of ₹ 2/- each (previous year 597,005 equity shares of ₹ 2/- each) out of the Bonus issue of 2015.

D. Employee Stock Option Scheme (ESOS)
The Bank
(i) Employee Stock Option Scheme 2010 (ESOS 2010)

Shareholders of the Bank had approved Employee Stock Option Scheme 2010 (ESOS 2010) through postal ballot, the result of which was announced on December 24, 2010, enabling the Board and/or the "Compensation Committee" to grant such number of equity shares, including options, of the Bank not exceeding 5% of the aggregate number of paid up equity shares of the Bank, in line with the guidelines of SEBI. The options granted will vest based on the status of

THE FEDERAL BANK LIMITED
SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

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, 2024 is set out below:

Particulars	No. of Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	1,559,870	53.70-112.35	67.76	0.97
Granted during the year*	5,529,550	125.25-125.25	125.25	7.66
Exercised during the year	1,139,220	53.70-112.35	64.33	-
Forfeited/lapsed during the year	52,650	62.00-125.25	94.44	-
Outstanding at the end of the year	5,897,550	53.70-125.25	122.09	7.21
Exercisable at the end of the year	395,000	53.70-112.35	78.05	0.97

Stock option activity under the Scheme for the year ended March 31, 2023 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	8,277,686	28.63 - 112.35	51.40	0.81
Granted during the year	-	-	-	-
Exercised during the year	5,038,853	28.63- 79.45	48.76	-
Forfeited/lapsed during the year	1,678,963	28.63 - 62.00	44.09	-
Outstanding at the end of the year	1,559,870	53.70 -112.35	67.76	0.97
Exercisable at the end of the year	1,559,870	53.70 -112.35	67.76	0.97

*Details of options granted during the year ended March 31, 2024 are given below:

Date of grant	No. of options Granted	Grant price (₹ per option)
May 27, 2023	5,529,550	125.25

As per SEBI guidelines and the Guidance Note on "Accounting for Share-based Payments" issued by the ICAI, the accounting for ESOS can be done either under the "Intrinsic value method" or "Fair value method". The Compensation Committee in their meeting dated May 10, 2012 decided to adopt "Intrinsic value method" for accounting of ESOS, in terms of the power vested on them as per the resolution of EGM dated December 24, 2010. 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, 2024 (previous year Nil).

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.

THE FEDERAL BANK LIMITED
SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

Stock option activity under the Scheme for the year ended March 31, 2024 is set out below:

Particulars	No. of Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	72,283,662	38.30-135.65	81.81	3.84
Granted during the year*	105,000	126.15-148.10	140.11	7.70
Exercised during the year	14,851,893	38.30-116.85	93.56	-
Forfeited/lapsed during the year	1,709,279	38.30-116.85	107.07	-
Outstanding at the end of the year	55,827,490	38.30-148.10	78.02	3.40
Exercisable at the end of the year	40,646,578	38.30-116.85	80.69	2.47

Stock option activity under the Scheme for the year ended March 31, 2023 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	77,129,660	38.30 - 116.85	81.24	4.49
Granted during the year**	4,503,375	87.30-135.65	89.07	7.49
Exercised during the year	8,598,417	38.30-116.85	82.05	-
Forfeited/lapsed during the year	750,956	38.30-116.85	64.12	-
Outstanding at the end of the year	72,283,662	38.30-135.65	81.81	3.83
Exercisable at the end of the year	47,477,097	38.30-116.85	91.75	2.48

*Details of options granted during the year ended March 31, 2024 are given below:

Date of grant	No. of options Granted	Grant price (₹ per option)
May 20, 2023	25,000	126.15
July 05, 2023	5,000	132.00
August 29, 2023	50,000	143.90
November 18, 2023	25,000	148.10

**Details of options granted during the year ended March 31, 2023 are given below:

Date of grant	No. of options Granted	Grant price (₹ per option)
June 18, 2022	4,258,375	87.30
July 07, 2022	35,000	95.55
October 07, 2022	150,000	120.85
November 14, 2022	5,000	135.05
January 10, 2023	5,000	135.65
February 17, 2023	50,000	130.25

THE FEDERAL BANK LIMITED
SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (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. 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, 2024 (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, the Bank has recognised ₹ 1.51 Crore as employee cost in the Profit and Loss Account during the year ended March 31, 2024 (previous year ₹ 1.11 Crore).

The options were exercised regularly throughout the year and weighted average share price as per National Stock Exchange price volume data during the year ended March 31, 2024 was ₹ 142.02 (previous year ₹ 116.59).

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. During the year, no options were granted.

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, 2024 is set out below:

Particulars	No. of Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year *	25,000	2.00-2.00	2.00	5.69
Exercised during the year	-	-	-	-
Forfeited/lapsed during the year	-	-	-	-
Outstanding at the end of the year	25,000	2.00-2.00	2.00	5.69
Exercisable at the end of the year	-	-	-	-

*Details of options granted during the year ended March 31, 2024 are given below:

Date of grant	No. of options Granted	Grant price (₹ per option)
December 04, 2023	25,000	2.00

As per SEBI guidelines and the Guidance Note on "Accounting for Share-based Payments" issued by the ICAI, the accounting for stock options can be done either under the "Intrinsic value method" or "Fair value method". As per the approval of shareholders, the Bank has adopted 'Fair value method' for accounting of stock options. Accordingly, the Bank has recognised ₹ 0.07 Crore as employee cost in the Profit and Loss Account during the year ended March 31, 2024.

THE FEDERAL BANK LIMITED
SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)
v) Effect of Fair value method of accounting ESOS & ESIS

If "Fair Value Method" had been adopted based on "Black-Scholes pricing model" for pricing and accounting of options which are presently accounted using "Intrinsic Value Method", net profit after tax would be lower by ₹ 14.27 Crore (previous year ₹ 15.17 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 ₹ 16.00 and ₹ 15.82 (previous year ₹ 14.20 and 14.07) respectively.

Weighted average fair value of options granted during the years ended March 31, 2024 and March 31, 2023 are as follows:

Particulars	March 31, 2024	March 31, 2023
Weighted average fair value of options granted during the year (in ₹)	40.01	31.93

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, 2024	March 31, 2023
Dividend yield	0.8% - 2%	1% - 2%
Expected life (in years)	2.5 - 5	3 - 5
Risk free interest rate	5.00% - 8.50%	5.00% - 8.50%
Expected volatility	20% - 50%	20% - 50%
How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	Volatility is based on historical data over the expected life of the option.	Volatility is based on historical data over the expected life of the option.
The method used and the assumptions made to incorporate the effects of expected early exercise.	It is assumed that the options will be exercised within the exercise period.	It is assumed that the options will be exercised within the exercise period.
Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition	Stock price and risk free interest rate are variables based on actual market data at the time of valuation.	Stock price and risk free interest rate are variables based on actual market data at the time of valuation.

Note: The above information is certified by the actuary and relied upon by the auditors.

Fedbank Financial Services Limited
(i) Employee Stock Option Plan 2018 (ESOP, 2018)

The Fedbank Financial Services Limited – Employees Stock Option Plan, 2018 ("ESOP, 2018") was established and approved by the Shareholders of the Company vide special resolution passed in the Extraordinary General Meeting (EGM) on November 13, 2018 enabling the Board and /or Nomination and Remuneration Committee to grant such number of options out of the ESOP pool of 6% of the total paid up share capital of the Company at the time of grant of Option. Post Listing, the ESOP, 2018 was ratified by the shareholders vide special resolution passed in the EGM on February 22, 2024.

Movement in the options outstanding under the Employee Stock Option Plan

Particulars	March 31, 2024	March 31, 2023
Outstanding at the beginning of the year	13,476,351	7,870,351
Granted during the year	375,000	6,281,250
Exercised during the year	4,596,646	394,000
Forfeited/lapsed during the year	365,626	281,250
Outstanding at the end of the year	8,889,079	13,476,351
Exercisable at the end of the year	2,322,012	2,110,000

THE FEDERAL BANK LIMITED**SCHEDULE 18:** NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)**(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 ₹ 3.32 Crore (previous year ₹ 5.80 Crore). The modified basic and diluted earnings per share for the year, had the Company followed Fair Value Method for accounting of ESOP would be ₹ 6.33 and ₹ 6.24 (previous year ₹ 5.05 and ₹ 5.05) 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 ₹ 16.31 Crore (previous year ₹ 20.24 Crore). The modified basic and diluted earnings per share for the year, had the Group followed Fair Value Method for accounting of options which are presently accounted using intrinsic value method would be ₹ 16.69 and ₹ 16.49 (previous year ₹ 14.91 and ₹ 14.77) respectively.

E. Dividend**The Bank**

The Board of Directors have recommended a final dividend of 60% i.e. ₹ 1.20 per Equity Share on face value of ₹ 2.00 each for the year 2023-24 (Previous Year ₹ 1.00 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 ₹ 292.24 Crore from the Profit and Loss Account for the year ended March 31, 2024. 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 ₹ 1.00 per equity share amounting ₹ 234.91 Crore pertaining to year ended March 31, 2023, has been considered as an appropriation from the Profit and Loss Account during the year.

1.2 EMPLOYEE BENEFITS (AS 15)**1.2.1 Defined Contribution Plan****The Bank****Provident Fund**

Employees who have not opted for pension plan are eligible to get benefits from provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid on retirement, death, incapacitation or termination of employment. Both the employee and the Bank contribute a specified percentage of the salary to the Federal Bank (Employees') Provident Fund Trust. The Bank has no obligation other than the monthly contribution.

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.

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.

THE FEDERAL BANK LIMITED**SCHEDULE 18:** NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)**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 ₹ 16.51 Crore (previous year ₹ 12.81 Crore) for provident fund contributions, ₹ 0.96 Crore (previous year ₹ 1.01 Crore) for Employee State Insurance Scheme Contributions and ₹ 101.45 Crore (previous year ₹ 83.04 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.

1.2.2 Defined benefit plan**A. Gratuity****The Bank**

The Bank provides for Gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering the eligible employees. The Gratuity Plan provides a lump sum payment to vested employees on retirement, death, incapacitation or termination of employment, of an amount based on the respective employees' salary and the tenure of employment. Vesting occurs upon completion of 4 years and 240 days of service as per Payment of Gratuity Act, 1972 and its amendment with effect from March 29, 2018 or as per the provisions of the Federal Bank Employees' Gratuity Trust Fund Rules / Bi-partite Award provisions. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as on the Balance Sheet date, based upon which, the Bank contributes all the ascertained liabilities to the Federal Bank Employees' Gratuity Trust Fund (the "Trust"). Trustees administer contributions made to the Trust and contributions are invested in specific investments as permitted by law.

Fedbank Financial Services Limited

Payment of gratuity to employees is covered by the "Exide Life Group Gratuity Unit Linked Scheme" of the Exide life Insurance Company Limited, which is a defined benefit scheme and the Company makes contribution under the said scheme. The net present value of the obligation for gratuity benefits as determined on the independent actuarial valuation, conducted annually using the projected unit credit method, as adjusted for unrecognised past service cost if any and as reduced by the fair value of planned asset is recognized in the accounts. Actuarial gains and losses are recognized in full in the Profit and Loss Account for the period in which they occur.

Federal Operations and Services Limited

The Company pays gratuity, a defined benefit plan, to employees who retire or resign. The Company provides gratuity to the eligible employees as a terminal benefit. These liabilities are determined on the basis of actuarial valuation under projected unit credit method at the Balance Sheet date. Actuarial gains and losses are recognised in full in the Profit and Loss Account for the period in which they occur.

B. Superannuation / Pension**The Bank**

The Bank provides for monthly pension, a defined benefit retirement plan (the "pension plan") covering eligible employees. The pension plan provides a monthly pension after retirement of the employees till death and to the family after the death of the pensioner. The monthly pension is based on the respective employees' salary and the tenure of employment. Vesting occurs upon completion of ten years of service. Liabilities with regard to the pension plan are determined by actuarial valuation as on the Balance Sheet date, based upon which, the Bank contributes all the ascertained liabilities to the Federal Bank (Employees') Pension Fund Trust (the "Trust"). Trustees administer contributions made to the Trust and contributions are invested in specific investments as permitted by law.

THE FEDERAL BANK LIMITED
SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (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:

(i) Change in benefit obligations

(Amount in ₹ Crore)

Particulars	Gratuity Plan						Pension Plan	
	FBL		FFSL		FOSL		FBL	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Projected benefit obligation at the beginning of the year	440.73	451.29	4.62	3.19	0.68	0.45	1,701.56	1,747.94
Current Service Cost	38.38	30.56	3.12	2.18	0.48	0.35	426.23	381.76
Interest cost	30.20	31.45	0.32	0.19	0.05	0.03	112.06	116.86
Actuarial (gain)/ loss	144.88	(7.48)	(0.23)	(0.33)	(0.11)	(0.15)	(89.83)	(165.37)
Benefits paid	(45.89)	(65.09)	(0.38)	(0.61)	(0.01)	-	(298.77)	(379.63)
Projected benefit obligation at the end of the year	608.30	440.73	7.45	4.62	1.09	0.68	1,851.25	1,701.56

(ii) Change in plan assets

(Amount in ₹ Crore)

Particulars	Gratuity Plan						Pension Plan	
	FBL		FFSL		FOSL		FBL	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Plan assets at the beginning of the year at fair value	464.10	493.78	2.87	3.07	-	-	1,697.14	1,803.99
Adjustment to Opening Fair Value of Plan Asset	-	-	-	0.09	-	-	-	-
Expected return on plan assets	33.55	35.40	0.19	0.18	-	-	122.53	131.15
Actuarial gain/ (loss)	1.41	0.01	0.09	(0.18)	-	-	7.50	0.09
Employer's Contributions	20.89	-	-	-	0.29	-	222.75	141.54
Benefits paid	(45.89)	(65.09)	(0.37)	(0.29)	(0.01)	-	(298.77)	(379.63)
Plan assets at the end of the year at fair value	474.06	464.10	2.78	2.87	0.28	-	1,751.15	1,697.14

THE FEDERAL BANK LIMITED
SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)
(iii) Reconciliation of present value of the obligation and the fair value of the plan assets

(Amount in ₹ Crore)

Particulars	Gratuity Plan						Pension Plan	
	FBL		FFSL		FOSL		FBL	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Fair value of plan assets at the end of the year	474.06	464.10	2.78	2.87	0.28	-	1,751.15	1,697.14
Present value of the defined benefit obligations at the end of the year	608.30	440.73	7.45	4.62	1.09	0.68	1,851.25	1,701.56
Liability/ (Asset) recognized in the Consolidated Balance Sheet	134.24	(23.37)	4.67	1.75	0.81	0.68	100.10	4.42

(iv) Gratuity/ pension cost

(Amount in ₹ Crore)

Particulars	Gratuity Plan						Pension Plan	
	FBL		FFSL		FOSL		FBL	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Current Service cost	38.38	30.56	3.12	2.18	0.49	0.35	426.23	381.76
Interest cost	30.20	31.45	0.32	0.19	0.05	0.03	112.06	116.86
Expected return on plan assets	(33.55)	(35.40)	(0.19)	(0.18)	-	-	(122.53)	(131.15)
Actuarial (gain)/ loss	143.47	(7.50)	(0.32)	(0.15)	(0.11)	(0.15)	(97.33)	(165.45)
Net Cost	178.50	19.11	2.93	2.04	0.43	0.23	318.43	202.02
Other direct contributions to the Fund	-	-	-	-	-	-	(0.10)	(0.51)
Net Cost Debit to Consolidated Profit and Loss Account	178.50	19.11	2.93	2.04	0.43	0.23	318.33	201.51
Actual return on plan assets ^{##}	34.96	35.42	0.28	-	-	-	130.04	131.23

^{##}Figures taken from Audited Financial statements of respective trusts.

THE FEDERAL BANK LIMITED
SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)
(v) Investment details of plan Assets*

(Amount in ₹ Crore)

	Gratuity Plan		Pension Plan	
	FBL		FBL	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Central and state Government bonds	-	-	-	-
Other debt securities	-	-	-	-
Balance in Saving Bank account with the Bank	1.49	0.86	1.87	13.04
Net current assets	-	-	-	-
Balance with LIC/ABSL#	472.57	463.24	1,749.28	1,684.10
Total	474.06	464.10	1,751.15	1,697.14

* - 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) and Aditya Birla Sun Life Insurance Company Limited (ABSL), the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

(vi) Experience adjustments
a) Gratuity Plan
The Bank

(Amount in ₹ Crore)

Particulars	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019
Defined Benefit Obligations	608.30	440.73	451.29	467.81	374.63	329.19
Plan Assets	474.06	464.10	493.78	469.49	369.30	334.23
Surplus/(Deficit)	(134.24)	23.37	42.49	1.68	(5.33)	5.04
Experience adjustments on Plan Liabilities [(Gain)/Loss]	119.72	2.78	8.09	(89.21)	(10.09)	(6.56)
Experience Adjustments on Plan Assets [Gain/ (Loss)]	2.71	4.11	(7.67)	7.20	3.29	0.77

Fedbank Financial Services Limited

(Amount in ₹ Crore)

Particulars	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019
Defined Benefit obligations	7.45	4.62	3.19	2.49	1.81	1.07
Plan Assets	2.78	2.87	3.07	2.33	1.49	1.10
Surplus/(Deficit)	(4.67)	(1.75)	(0.12)	(0.16)	(0.31)	0.03
Experience adjustments on Plan Liabilities [(Gain)/ Loss]	(0.35)	0.29	(0.75)	(0.29)	0.07	(0.04)
Actuarial Gain / (Loss) on Plan Assets	0.09	(0.18)	0.01	0.15	(0.01)	0.01

THE FEDERAL BANK LIMITED
SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)
Federal Operations and Services Limited

(Amount in ₹ Crore)

Particulars	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019
Defined Benefit obligations	1.09	0.68	0.45	0.16	0.06	*
Plan Assets	0.28	-	-	-	-	-
Surplus/(Deficit)	(0.81)	(0.68)	(0.45)	(0.16)	(0.06)	*
Experience adjustments on Plan Liabilities [(Gain)/ Loss]	(0.06)	(0.13)	0.06	(0.01)	(0.02)	-
Experience adjustments on Plan Assets [Gain/ (Loss)]	-	-	-	-	-	-

* denotes figures less than ₹ 1 lakh

b) Pension Plan
The Bank

(Amount in ₹ Crore)

Particulars	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019
Defined Benefit Obligations	1,851.25	1,701.56	1,747.94	1,486.28	1,197.98	983.39
Plan Assets	1,751.15	1,697.14	1,803.99	1,494.71	1,129.93	978.09
Surplus/(Deficit)	(100.10)	(4.42)	56.05	8.43	(68.05)	(5.30)
Experience adjustments on Plan Liabilities [(Gain)/Loss]	(132.83)	(128.95)	(342.70)	(327.78)	(95.10)	(39.39)
Experience adjustments on Plan Assets [Gain/(Loss)]	12.25	13.25	(0.49)	13.79	7.54	(3.14)

(vii) Assumptions

Particulars	Gratuity Plan				Pension Plan			
	FBL		FFSL		FOSL		FBL	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Discount rate	7.23%	7.51%	6.97%	7.13%	7.02%	7.31%	7.22%	7.50%
Annuity rate per Rupee (in ₹)	-	-	-	-	-	-	134.11	134.64
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	7.23%	7.17%	-	-	-	-	7.22%	7.27%
Attrition Rate	2.00%	2.00%	-	-	-	-	1.00%	1.00%
Mortality Table	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate	IAM 2012-15 (Ultimate)	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate

The estimates of future salary increase considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

THE FEDERAL BANK LIMITED
SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

As the contribution expected to be paid to the defined benefit plans during the annual period beginning after the balance sheet date is based on various internal / external factors, a best estimate of the contribution is not determinable.

The above information except otherwise stated is as certified by the actuary and relied upon by the auditors.

C. Leave Encashment/ Sick Leave / Leave Travel Concession / Unavailed Casual Leave
The Bank

The employees of the Bank are entitled to compensated absence. The employees can carry forward a portion of the unutilised accrued compensated absence and utilise it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence for a maximum of 240 days. The Bank records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Bank measures the expected cost of compensated absence as the additional amount that the Bank expects to pay as a result of the unutilised entitlement that has accumulated at the balance sheet date based on actuarial valuations.

Fedbank Financial Services Limited

The Company has a scheme for compensated absences for employees, the liability of which is determined on the basis of an independent actuarial valuation carried out at the end of the year, using the projected unit credit method. Actuarial gains and losses are recognised in full in the Profit and Loss Account for the year in which they occur.

Group

A sum of ₹ 147.06 Crore (previous year ₹ 87.97 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:

Particulars	(Amount in ₹ Crore)			
	March 31, 2024		March 31, 2023	
	FBL	FFSL	FBL	FFSL
Privilege leave	513.17	4.65	389.17	3.36
Sick leave	39.96	-	27.60	-
Leave travel concession	51.27	-	44.21	-
Casual leave	3.13	-	1.92	-
Total actuarial liability	607.53	4.65	462.90	3.36
Assumptions				
Discount rate	7.23%	6.97%	7.51%	7.13%
Salary escalation rate	5.00%	6.50%	5.00%	6.50%
Attrition rate	2.00%	-	2.00%	-

The discount rate is based on the prevailing market yields of Government of India securities as on the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

THE FEDERAL BANK LIMITED
SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

1.3 SEGMENT REPORTING (AS 17)
A. Business Segments

Business of the Group is divided into four segments viz. Treasury, Corporate or Wholesale Banking, Retail Banking and Other Banking Operations. The principal activities of these segments and income and expenses structure are as follows:

Treasury

Treasury operations include trading and investments in Government Securities and corporate debt instruments, equity and mutual funds, derivative trading and foreign exchange operations on proprietary account and for customers.

The income of this segment primarily consists of earnings in the form of interest from the investment portfolio of the group, gains, losses, margins and fee/charges on trading and foreign exchange operations. The principal expense of the segment consists of interest expense on funds borrowed/utilized and other allocated overheads. Provisions allocated to the segment consist of diminution in the value of non performing portfolio of the segment.

Corporate/Wholesale Banking

The segment consists of lending of funds, acceptance of deposits and other banking services to corporates, trusts, partnership firms, statutory bodies which are not considered under retail banking segment.

Revenue of this segment consists of interest earned, charges /fees from loans and other banking services rendered to such customers. The principal expenses of the segment consist of interest expenses on funds utilized and other expenses allocated as per the approved methodology. Provisions allocated to the segment include the loan loss provision and standard asset provision created for the portfolio under the segment.

Retail banking

Retail banking constitutes lending of funds, acceptance of deposits and other banking services to any legal person including small business customers, on the basis of the status of the borrower, nature of the product, granularity of the exposure and quantum thereof.

Revenue of this segment consists of interest earned, charges /fees from loans and other banking services rendered to such customers. The principal expenses of the segment consist of interest expenses on funds utilized and other expenses allocated as per the approved methodology. Provisions allocated to the segment includes the loan loss provision and standard asset provision created for the portfolio under the segment.

Digital Banking Business is separately reported as a sub-segment under Retail Banking Segment as per the RBI guideline. The Sub Segment includes the businesses involving digital banking products acquired by the Digital Banking Unit together with the existing digital banking products.

Other Banking Operations

This segment includes banking operations, not covered under any of the above segments such as para banking operations. The income from such services and associated costs are disclosed in this segment.

Unallocated

All items that are reckoned at enterprise level and cannot be allocated to reportable segments are included in unallocated portion. These mainly includes provision for tax (net of advance tax), deferred tax asset/liability, fixed assets, 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, 2024 (Contd.)

The following table sets forth, for the years indicated, the business segment results:

March 31, 2024

(Amount in ₹ Crore)					
Business Segments	Treasury	Corporate/ Wholesale Banking	Retail Banking*	Other Banking Operations	Total
Revenue	3,546.55	7,167.85	15,778.84	283.07	26,776.31
Result (net of provisions)	602.18	1,617.41	2,817.73	218.05	5,255.37
Unallocated income / (expense)					5.63
Operating profit (PBT)					5,261.00
Income taxes					(1,333.47)
Share in profit of associates					36.51
Minority interest					83.61
Extraordinary profit/(loss)	-	-	-	-	-
Net profit					3,880.43
OTHER INFORMATION					
Segment assets	63,388.35	110,794.50	135,596.59	5.08	309,784.52
Unallocated assets					8,054.43
Total assets					317,838.95
Segment liabilities	29,642.57	32,005.10	220,010.23	3.56	281,661.46
Unallocated liabilities					5,251.66
Total liabilities					286,913.12

#Sub segments included in retail banking are as follows:

(Amount in ₹ Crore)				
Sub Segment	Revenue	Result (Net of provisions)	Segment Assets	Segment liabilities
Digital Banking	1,501.03	225.59	6,812.96	16,263.28
Other Retail Banking	14,277.81	2,592.14	128,783.63	203,746.95

March 31, 2023

(Amount in ₹ Crore)					
Business Segments	Treasury	Corporate/ Wholesale Banking	Retail Banking*	Other Banking Operations	Total
Revenue	2,535.55	5,207.04	12,287.10	212.25	20,241.94
Result (net of provisions)	524.60	943.35	2,615.38	158.17	4,241.50
Unallocated income / (expense)					21.44
Operating profit (PBT)					4,262.94
Income taxes					(1,087.18)
Share in profit of associates					34.06
Minority interest					(45.10)
Extraordinary profit/(loss)	-	-	-	-	-
Net profit					3,164.72
OTHER INFORMATION					
Segment assets	52,069.24	96,727.29	112,569.64	13.13	261,379.30
Unallocated assets					6,624.76
Total assets					268,004.06
Segment liabilities	29,420.93	24,140.80	189,288.92	2.94	242,853.59
Unallocated liabilities					2,676.09
Total liabilities					245,529.68

THE FEDERAL BANK LIMITED
SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (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	903.54	113.59	4,165.92	12,037.20
Other Retail Banking	11,383.56	2,501.79	108,403.72	177,251.72

B. Geographical Segment Information

The Business operations of the group are largely concentrated in India and for purpose of Segment reporting, the group is considered to operate only in domestic segment, though the Bank has its operation in International Financial Services Centre (IFSC) Banking Unit in Gujarat International Finance Tec-city (GIFT City). The business conducted from the same is considered as a part of Indian operations.

Segment information is provided as per the MIS available for internal reporting purposes, which include certain estimates/assumptions. The methodology adopted in compiling and reporting the above information has been relied upon by the auditors.

1.4 RELATED PARTY DISCLOSURES (AS 18)
a) Details of Related Parties:

Name of the entity	Nature of Relationship
Ageas Federal Life Insurance Company Limited	Associate
Equirus Capital Private Limited	Associate
Federal Bank Hormis Memorial Foundation	Entity in which KMPs can exercise significant influence

Key Management Personnel (KMP)

Name of the Key Management personnel	Relatives of the Key Management Personnel	Description of Relationships
Mr. Shyam Srinivasan, Managing Director & CEO	Mr. T S Srinivasan	Father
	Ms. Kamala Srinivasan	Mother
	Ms. Maya Shyam	Wife
	Ms. Meena Lochani	Sister
	Ms. Rohini	Sister
Mr. Ashutosh Khajuria, Executive Director (Ceased on April 30, 2023)	Ms. Sunita Khajuria	Wife
	Ms. Vasundhara Khajuria	Daughter
	Ms. Yashodhara Khajuria	Daughter
Ms. Shalini Warriar, Executive Director	Ms. Parvathi Warriar	Mother
	Ms. Asha Warriar	Sister
Mr. Harsh Dugar Executive Director (Appointed on June 23, 2023)	Umed Mal Dugar	Father
	Saroj Devi Dugar	Mother
	Siddhartha Dugar	Brother
	Shilpa Pagaria	Sister
	Ektaa Dugar	Spouse
	Tarasha Dugar	Daughter
	Anaika Dugar	Daughter

THE FEDERAL BANK LIMITED
SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)
b) Transactions with related parties
For the year ended March 31, 2024:

(Amount in ₹ Crore)

Items/Related Party	Associates	KMP	Relatives of KMP	Total
Deposits [#]	75.75	6.84	4.36	86.95
	(75.75)	(10.33)	(5.39)	(91.47)
Advances [#]	-	1.29	1.46	2.75
	(4.73)	(1.35)	(1.54)	(7.62)
Investments in shares [#]	232.01	-	-	232.01
	(232.01)	-	-	(232.01)
Interest paid	*	0.48	0.27	0.75
Interest received	0.03	0.04	0.12	0.19
Income from services rendered	127.24	-	-	127.24
Expenses for receiving services	0.51	-	-	0.51
Receivable [#]	15.78	-	-	15.78
	(45.28)	-	-	(45.28)
Directors sitting fee received	0.36	-	-	0.36
Remuneration paid	-	5.22	-	5.22
Dividend received	16.16	-	-	16.16
Dividend paid	-	0.18	*	0.18
Share capital received on exercise of ESOS	-	14.78	-	14.78
Number of options granted under ESOS	-	175,800	-	175,800
Number of options outstanding under ESOS	-	3,874,200	-	3,874,200

* Denotes figures less than ₹ 1 Lakh.

- Represents outstanding as on March 31, 2024

For the year ended March 31, 2023

(Amount in ₹ Crore)

Items/Related Party	Associates	KMP	Relatives of KMP	Total
Deposits [#]	71.79	6.58	2.69	81.06
	(76.35)	(6.79)	(2.79)	(85.93)
Advances [#]	-	0.17	0.07	0.24
	(1.04)	(0.21)	(0.10)	(1.35)
Investments in shares [#]	232.01	-	-	232.01
	(232.01)	-	-	(232.01)
Interest paid	*	0.35	0.13	0.48
Interest received	0.13	0.01	0.01	0.15
Income from services rendered	86.53	-	-	86.53
Receivable [#]	13.73	-	-	13.73
	(76.63)	-	-	(76.63)
Directors sitting fee received	0.31	-	-	0.31
Remuneration paid	-	5.56	-	5.56
Dividend received	7.95	-	-	7.95
Dividend paid	-	0.24	-	0.24
Share capital received on exercise of ESOS	-	2.31	-	2.31
Number of options granted under ESOS	-	157,400	-	157,400
Number of options outstanding under ESOS	-	3,234,080	-	3,234,080

* Denotes figures less than ₹ 1 Lakh

- Represents outstanding as on March 31, 2023

THE FEDERAL BANK LIMITED
SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

Figures in brackets indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each month end.

In accordance with RBI guidelines, details pertaining to the related party transactions have not been provided where there is only one related party in a category.

The significant transactions between the Group and the related parties during the year ended March 31, 2024 and March 31, 2023 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, 2024	March 31, 2023
Deposits	Ageas Federal Life Insurance Company Limited	74.74	70.61
	Mr. Ashutosh Khajuria	0.13 [@]	0.17
Advances	Ms. Asha Warriar	0.04 [@]	0.07
	Mr. Harsh Dugar	1.15	NA
	Mr. Siddhartha Dugar	1.43	NA
Investments in shares	Ageas Federal Life Insurance Company Limited	208.00	208.00
	Equirus Capital Private Limited	24.01	24.01
Interest paid	Mr. Shyam Srinivasan	0.35	0.29
	Ms. Sunita Khajuria	0.09	0.02 [#]
	Ms. Shalini Warriar	0.11	0.06
Interest received	Mr. Harsh Dugar	0.04	NA
	Mr. Siddhartha Dugar	0.11	NA
	Equirus Capital Private Limited	0.03	0.13
Income from services rendered	Ageas Federal Life Insurance Company Limited	127.22	86.53
Expenses for receiving services	Equirus Capital Private Limited	0.51	- [#]
Receivable	Ageas Federal Life Insurance Company Limited	15.78	13.73
Directors sitting fee received	Ageas Federal Life Insurance Company Limited	0.36	0.23
	Equirus Capital Private Limited	- [@]	0.08
Remuneration paid	Mr. Shyam Srinivasan	2.99	2.96
	Mr. Ashutosh Khajuria	0.08 [@]	1.27
	Mr. Harsh Dugar	0.86	NA
Dividend received	Ms. Shalini Warriar	1.28	1.32
	Ageas Federal Life Insurance Company Limited	14.82	7.28
Dividend paid	Mr. Shyam Srinivasan	0.08	0.14
	Mr. Harsh Dugar	0.02	NA
	Ms. Shalini Warriar	0.03	- [#]
Share capital received on exercise of ESOS	Mr. Ashutosh Khajuria	0.06	0.09
	Mr. Ashutosh Khajuria	3.51	0.76
	Mr. Shyam Srinivasan	1.99	- [#]
Number of options granted under ESOS	Mr. Harsh Dugar	3.48	NA
	Ms. Shalini Warriar	5.81	1.55
	Mr. Ashutosh Khajuria	- [@]	91,000
Number of options outstanding under ESOS	Mr. Harsh Dugar	85,000	NA
	Ms. Shalini Warriar	90,800	66,400
	Mr. Ashutosh Khajuria	5,51,500	8,51,500
	Mr. Harsh Dugar	17,85,000	NA
	Ms. Shalini Warriar	15,37,700	20,61,900

[@] Not significant related party transaction in FY 2023-24

[#] Not significant related party transaction in FY 2022-23

NA - Not a related party during the FY 2022-23

THE FEDERAL BANK LIMITED
SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

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 ₹ 218.15 Crore (previous year ₹ 192.72 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.

Particulars	(Amount in ₹ Crore)	
	March 31, 2024	March 31, 2023
Future minimum lease payments:		
- Up to one year	0.46	4.37
- More than one year and up to five years	-	0.46
- More than five years	-	-
Lease payments recognised in the Profit and Loss Account with respect to above mentioned operating lease arrangement	4.37	4.19

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 ₹ 32.78 Crore (previous year ₹ 29.03 Crore) have been recognised as "Rent Paid" in the Profit and Loss Account.

Federal Operations and Services Limited

The company has taken premises under rental arrangements, which are in the nature of cancellable operating leases.

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, 2024	March 31, 2023
Earnings used in the computation of basic and diluted earnings per share (₹ in Crore)	3,880.43	3,164.72
Basic earnings per share (in ₹)	16.76	15.01
Effect of potential equity shares (in ₹)	0.21	(0.16)
Diluted earnings per share (in ₹)	16.55	14.85
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)	231.58	210.91
Add: Effect of potential number of equity shares for stock options outstanding (in Crore)	2.88	2.22
Diluted weighted average number of equity shares outstanding (in Crore)	234.46	213.13

THE FEDERAL BANK LIMITED
SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

1.7 DEFERRED TAX ASSETS / LIABILITY (AS 22)

The major components of deferred tax assets and deferred tax liabilities are as under:

Particulars	(Amount in ₹ Crore)	
	March 31, 2024	March 31, 2023
Deferred Tax Liability		
Tax effect of items constituting deferred tax liability:		
(i) Interest accrued but not due	242.82	198.40
(ii) Depreciation on Investments	3.37	3.37
(iii) Special Reserve under Section 36 (1) (viii) of the Income Tax Act, 1961	283.31	239.43
(iv) Others	7.64	3.41
Total - (A)	537.14	444.61
Deferred Tax Asset		
Tax effect of items constituting deferred tax assets:		
(i) Interest/premium paid on purchase of securities	0.36	0.36
(ii) Provision for Standard Assets	325.15	375.65
(iii) Depreciation on Fixed Assets	0.24	0.65
(iv) Others	228.73	187.56
Total - (B)	554.48	564.22
Net Deferred tax liability/ (Asset) (A-B)	(17.34)	(119.61)

1.8 PROVISIONS AND CONTINGENCIES RECOGNISED IN THE CONSOLIDATED PROFIT AND LOSS ACCOUNT INCLUDES:

Sl. No.	Particulars	(Amount in ₹ Crore)	
		March 31, 2024	March 31, 2023
i)	Provision towards NPAs	463.27	655.28
ii)	Provision for Non-Performing Investments	1.26	(6.68)
iii)	Provision for Standard Assets	(200.85)	117.56
iv)	Provision for Taxation (refer Note 1.9)	1,333.47	1,087.18
v)	Provision towards present value of sacrifice on restructuring, other contingencies etc.	(4.09)	32.47
Total		1,593.06	1,885.81

1.9 AMOUNT OF PROVISIONS MADE FOR INCOME-TAX DURING THE YEAR:

Particulars	(Amount in ₹ Crore)	
	March 31, 2024	March 31, 2023
Provision for Income Tax		
a) Current Tax	1,227.03	1,085.93
b) Deferred Tax	106.44	1.25
Total	1,333.47	1,087.18

1.10 DETAILS OF PENALTY IMPOSED BY THE RESERVE BANK OF INDIA
The Bank

Particulars	(Amount in ₹ Lakh)	
	March 31, 2024	March 31, 2023
a) Penalty imposed on currency chests		
Number of instances of default	18	14
Quantum of penalty imposed	1.95	3.07
b) Penalty imposed on deficiency in regulatory compliances		
Number of instances of default	54	81
Quantum of penalty imposed	47.25	630.65

THE FEDERAL BANK LIMITED
SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

Fedbank Financial Services Limited

Penalty of ₹ 8.80 Lakhs was imposed on Fedbank Financial Services Limited during the year ended March 31, 2024. (previous year : Nil)

1.11 FIXED ASSETS
A) Fixed Assets as per Schedule 10 include Software and System Development Expenditure. Details of group regarding the same are tabulated below:

(Amount in ₹ Crore)		
Particulars	March 31, 2024	March 31, 2023
Gross Block		
At cost as on 31 st March of the preceding year	515.91	381.06
Additions during the year	56.20	134.85
Deductions / Adjustments during the year	0.78	-
At the end of the year	571.33	515.91
Depreciation / Amortization		
At the beginning of the year	322.96	268.14
Charge for the year	76.33	54.83
Deductions during the year	0.63	-
Depreciation to date	398.66	322.97
Net Block	172.67	192.94

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, 2024 and March 31, 2023.

1.12 PROVISIONS AND CONTINGENCIES
The Bank
a) Movement in provision for non-credit related* frauds included under other liabilities

(Amount in ₹ Crore)		
Particulars	March 31, 2024	March 31, 2023
Opening balance	29.73	6.67
Additions during the year	5.23	23.16
Reductions during the year	(0.30)	(0.10)
Closing balance	34.66	29.73

* Provision for credit related frauds is included in Provision towards NPAs.

b) Movement in provision for other contingencies

(Amount in ₹ Crore)		
Particulars	March 31, 2024	March 31, 2023
Opening provision	85.31	76.47
Provision made during the year	2.41	11.10
Provision utilized for write off during the year	(1.02)	(0.78)
Reductions during the year	(11.65)	(1.48)
Closing provision	75.05	85.31

THE FEDERAL BANK LIMITED
SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

c) Movement in floating provision:

Particulars	Standard Asset Provision		NPA Provision	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Opening balance	12.75	12.75	69.18	69.18
Provision made during the year	-	-	-	-
Amount drawn down during the year	-	-	-	-
Closing balance	12.75	12.75	69.18	69.18

1.13 DESCRIPTION OF CONTINGENT LIABILITIES
a) Claims against the Group not acknowledged as debts

These represent claims filed against the group in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax and other statutory authorities and disputed by the group.

b) Liability on account of forward exchange and derivative contracts

The Bank presently enters into foreign exchange contracts and interest rate swaps with interbank Counterparties and Customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows in the same currency based on fixed rates or benchmark reference. The notional amounts of such foreign exchange contracts and derivatives provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The fluctuation of market rates and prices cause fluctuations in the value of these contracts and the contracted exposure become favorable (assets) or unfavorable (liabilities). The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly as the aggregate contractual or notional amount of derivative financial instruments on hand can vary and the market rate fluctuations can decide the extent to which instruments are favorable or unfavorable.

c) Guarantees given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

d) Acceptances, endorsements and other obligations

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

e) Other items for which Group is contingently liable

Includes Capital commitments, amount transferred to RBI under the Depositor Education and Awareness (DEA) Fund etc.

(Refer Schedule 12 for amounts relating to Contingent Liabilities)

1.14 PROVISION FOR LONG TERM CONTRACTS

The Group has a process whereby periodically all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Group has reviewed and recorded adequate provision as required under any Law/ Accounting Standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements.

1.15 SMALL AND MICRO INDUSTRIES
The Bank

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 02, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported

THE FEDERAL BANK LIMITED
SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

Fedbank Financial Services Limited

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. Out of the trade payable of ₹ 7.88 Crore (previous year ₹ 16.33 Crore), no amount is due to Micro, Small and Medium Enterprises (Previous Year Nil). The Company has taken steps to identify the suppliers who qualify under definition of micro, and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. The aforesaid classification is based on responses received by the Company to its enquires with suppliers with regard to applicability under the said act.

Federal Operations and Services Limited

The Company has taken steps to identify suppliers who qualify under the definition of Micro and Small Enterprises, as defined under the Micro, Small and Medium Enterprises Development Act 2006. Since no intimation has been received from the suppliers regarding their status under the said Act as on March 31, 2024, disclosures relating to amounts unpaid as at the year end, if any, have not been furnished.

1.16 CORPORATE SOCIAL RESPONSIBILITY (CSR)
The Bank

- The gross amount required to be spent by the Bank on Corporate Social Responsibility (CSR) related activities during the year ended March 31, 2024, was ₹ 57.55 Crore (previous year ₹ 43.88 Crore).
- The amount approved by the Board of the Bank to be spent during the year was ₹ 57.55 Crore (previous year ₹ 43.88Crore).
- Amount spent/transferred to separate CSR unspent account during the year is given below:

The following table sets forth, for the years indicated, the amount spent by the Bank on CSR related activities.

(Amount in ₹ Crore)							
Sl. No.	Particulars	March 31, 2024			March 31, 2023		
		Spent during the year	Transferred to separate CSR unspent account	Total	Spent during the year	Transferred to separate CSR unspent account	Total
1.	Construction / acquisition of any asset	-	-	-	-	-	-
2.	On purpose other than (1) above	60.67*	10.34 [§]	71.01	30.86 [@]	15.97	46.83

*Includes ₹ 13.46 Crore spent from unspent CSR account pertaining to ongoing projects of FY 2022-23.

[§] ₹ 10.34 Crore pertaining to ongoing projects of FY 2023-24 was transferred to unspent CSR account within the prescribed timeline.

[@] Includes ₹ 2.95 Crore spent from unspent CSR account pertaining to ongoing projects of 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, 2024 (Contd.)

The following table sets forth the summary of amount pertaining to ongoing projects transferred to separate CSR unspent account:

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		
			2022-23	3.29		
2023-24	16.31	57.55	47.21	13.46	10.34 [§]	13.19

[§] ₹ 10.34 Crore was transferred to Unspent CSR account within the prescribed timeline.

The following table sets forth, for the years indicated, the details of related party transactions pertaining to CSR related activities as per Accounting Standard (AS) 18, Related Party Disclosures.

(Amount in ₹ Crore)			
Sl. No.	Related Party	March 31, 2024	March 31, 2023
1	Federal Bank Hormis Memorial Foundation*	59.23**	27.30
Total		59.23	27.30

*Federal Bank Hormis Memorial Foundation (FHM) 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 FHM for projects sanctioned during FY 2023-24 amounting to ₹ 45.96 Crore and Donations to FHM from unspent CSR account for ongoing projects identified during FY 2022-23 amounting to ₹ 13.27 Crore.

Fedbank Financial Services Limited

(Amount in ₹ Crore)		
Particulars	March 31, 2024	March 31, 2023
Amount required to be spent	3.06	1.36
Amount spent during the year		
(a) Construction / acquisition of asset	-	-
(b) On purpose other than (a) above	3.10	1.36
Excess / (shortfall)	0.04	-
Amount required to be contributed to specified fund u/s 135(6)	-	-

1.17 INVESTOR EDUCATION AND PROTECTION FUND

There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Group.

THE FEDERAL BANK LIMITED
SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)
1.18 DISCLOSURE UNDER RULE 11(E) OF THE COMPANIES (AUDIT AND AUDITORS) RULES, 2014

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other person(s) or entity (ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Group (Ultimate Beneficiaries). The Group has not received any fund from any party(s) (Funding Party) with the understanding that the Group shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

1.19 ADDITIONAL INFORMATION ON NET ASSETS AND SHARE OF PROFITS OF THE BANK, ITS SUBSIDIARIES, ASSOCIATES, AND JOINT VENTURES AS CONSIDERED IN THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2024

Name of the entity	Net Assets i.e. Total Assets minus Total Liabilities		Share of Profit or Loss	
	As % of Consolidated Net Assets	Amount (₹ in Crore)	As % of Consolidated Profit or Loss	Amount (₹ in Crore)
Parent:				
The Federal Bank Limited	96.64 %	29,094.27	95.46%	3,703.94
Subsidiary:				
Fedbank Financial Services Limited	2.91 %	875.21	3.45%	134.01
Federal Operations and Services Limited	0.05 %	16.61	0.15%	5.98
Associate:				
Ageas Federal Life Insurance Company Limited	0.34 %	101.29	0.72%	27.81
Equirus Capital Private Limited	0.06 %	17.97	0.22%	8.69
Total	100.00 %	30,105.35	100.00%	3,880.43

March 31, 2023

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	97.21%	21,506.63	94.87%	3,002.59
Subsidiary:				
Fedbank Financial Services Limited	2.29%	506.25	3.90%	123.29
Federal Operations and Services Limited	0.05%	10.62	0.15%	4.78
Associate:				
Ageas Federal Life Insurance Company Limited	0.40%	88.30	0.94%	29.73
Equirus Capital Private Limited	0.05%	10.61	0.14%	4.33
Total	100.00%	22,122.41	100.00%	3,164.72

THE FEDERAL BANK LIMITED
SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)
1.20 ADDITIONAL DISCLOSURE

Additional statutory information disclosed in the separate financial statements of the Bank and subsidiaries have no material bearing on the true and fair view of the Consolidated Financial Statements and the information pertaining to the items which are not material have not been disclosed in the Consolidated Financial Statements.

1.21 Figures for the previous year have been regrouped and reclassified, wherever necessary to conform to current year's presentation.

As per our report of even date

For The Federal Bank Limited

For **M S K A & Associates**

Chartered Accountants
ICAI Firm Registration No: 105047W

A P Hota

Chairman
DIN: 02593219

Shyam Srinivasan

Managing Director & CEO
DIN: 02274773

Swapnil Kale

Partner
Membership No: 117812
Place: Mumbai

Shalini Warriar

Executive Director
DIN: 08257526

Harsh Dugar

Executive Director
DIN: 00832748

For **Suri & Co**

Chartered Accountants
ICAI Firm Registration No: 0042835

Venkatraman Venkateswaran

Chief Financial Officer

Samir P Rajdev

Company Secretary

G. Rengarajan

Partner
Membership No: 219922
Place: Kochi

Manikandan Muthiah

Head - Financial Reporting

Place: Kochi

Date : May 02, 2024

BASEL III – PILLAR 3 DISCLOSURES AS ON 31ST MARCH 2024

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
Equirus Capital Private Ltd	Yes	AS 23	Yes	AS 23	NA	NA
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

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.	21,355.70	1,10,140.40
Ageas Federal Life Insurance Co. Ltd	Life Insurance Co. regulated by IRDA	11,757.51	1,75,637.95
Equirus Capital Private Ltd	The Company is engaged in investment banking. The company caters to both domestic and international market.	1,570.85	2,360.67
Federal Operations and Services Limited	The company is engaged in the back office operational services for the Bank	261.81	355.46

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:

Name of the insurance entities / country of incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of bank's holding in the total equity / proportion of voting power	Quantitative impact on regulatory capital of using risk weighting method versus using the full deduction method
Ageas Federal Life Insurance Company Ltd India	Insurance	11,757.51	26%	CRAR will be reduced by 0.07% under deduction method

f) Restrictions or impediments on transfer of funds or regulatory capital within the banking group:

There are no restrictions or impediments on transfer of funds or regulatory capital within the banking group.

TABLE DF -2: CAPITAL ADEQUACY

1 Qualitative disclosures

- 1.1 A summary discussion of the Bank's approach to assess the adequacy of its capital to support current and future activities
1. Policy on Internal Capital Adequacy Assessment Process has been put in place and the assessment of capital commensurate to the risk profile is reviewed on a quarterly basis.
2. Capital requirement for current business levels and estimated future business levels are assessed on a periodic basis.
3. The minimum capital required to be maintained by the Bank (including CCB) for the period ended 31 March,2024 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			150722.33	
Portfolios subject to Standardized approach			150722.33	
Securitization exposures			0.00	
2.2 Capital requirements for Market risk (Standardized duration approach)			6505.63	
Interest rate risk			3764.82	
Foreign exchange risk (including gold)			222.75	
Equity risk			2518.06	
2.3 Capital requirements for Operational risk			13492.82	
Basic Indicator Approach			13492.82	
Total Capital Requirements			170720.78	
2.4 Common Equity Tier 1, Tier 1 & Total Capital Ratios			Standalone	Consolidated
Common Equity Tier 1 capital ratio			14.61%	14.82%
Tier 1 capital ratio			14.61%	14.82%
Total capital ratio			16.13%	16.45%

Structure and organization of Bank's Risk Management function

Bank has put in place an organizational framework for Bank-wide management of risk on integrated basis. The structure ensures coordinated process for measuring and managing all material risks on an enterprise-wide basis to achieve organizational goals. The structure is designed in tune with the regulatory guidelines.

Bank's Board at the top of the structure assumes overall responsibility for Bank-wide management of risk. The Board approves risk management policies of the Bank and sets risk exposure limits based on Bank's risk appetite and risk bearing capacity. Risk Management Committee of the Board assumes responsibility for devising policy and strategy for enterprise-wide risk

management. The Committee also sets guidelines for measurement of risks, risk mitigation and control parameters and approves adequate infrastructure for risk management. The Committee meets regularly and reviews the reports placed before it on various risk areas.

There are five support committees of senior executives viz Credit Risk Management Committee (CRMC), Market Risk Management Committee (MRMC also known as ALCO), Operational Risk Management Committee (ORMC), Information Security Committee (ISC) and E&S Committee, responsible for implementation of policies and monitoring of risk levels in their respective domains. The Committees are headed by Managing Director & CEO. Senior executives from respective functional areas and risk management are members of the Committee. The Committees meet regularly to take stock of various facets of risk management function and place their reports to Risk Management Committee of the Board. ALCO meets at least once in a month. Depending on requirement, ALCO meets at shorter frequencies. CRMC and ORMC meet at least once in a quarter subject to minimum of six meetings in a year. ISC and E&S Committee meets at least once in a quarter.

Organization Structure:



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.

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 Business, Commercial Banking, Corporate, Retail and Agri advances.

- b) Industry wise segment ceilings on aggregate lending in respect of certain industries, ceilings have been fixed for specific geographies with a view to contain Concentration risk.
- c) Individual borrower wise and borrower group wise lending ceilings linked as a percentage to the Bank's eligible capital base as at the end of the previous year.
- d) Borrowers are subjected to credit rating and loans are granted only to those borrowers falling within defined thresholds of risk levels; the approach also

- e) Major business of the Bank is within India. However, Bank has an IFSC branch located in GIFT City, Gujarat. In respect of cross border trade which would involve exposures to Banks and financial institutions located outside India, there is a geographic cap on exposures apart from cap on individual Bank / institution. Bank has also fixed ceiling for its foreign currency exposures.
- f) Bank has adopted a well-defined approach for sourcing and underwriting loan proposals. Proper due diligence is carried out while sourcing fresh credit limits.
- g) Credit sanctioning powers are granted as per Credit Delegation Policy based upon the amount and riskiness of the exposure.
- h) Regular review of all credit policies including exposure ceilings are carried out with due approval of Bank's Board of Directors.
- i) Credit hub system is put in place to enhance quality of credit appraisal and underwriting process.
- j) Specialized Credit Advisory Teams operating at strategic locations to streamline and monitor credit processes within the credit hubs, evaluate and chart action plans to act on EWS, conduct unit visit of stressed account and formulate other measures to maintain standard health classification of credit exposures.
- k) Dedicated Credit Monitoring Department at national level and other key geographies to monitor / follow up of performance of loans and advances.
- l) Credit Administration Department at central level and at other key geographies are formed to ensure compliance of documentation formalities and submission of post credit monitoring reports / compliance of sanction order covenants.
- m) Market Intelligence Unit is formed under IRMD with cross functional team members to facilitate the collection and processing of multiple sources of information on large borrowers with an objective to prevent adverse selection of borrowers and throw up early warning signals of possible fraud or credit risk.
- n) Robust statistical score cards are used for retail credit appraisal process.
- o) Bank also uses Behavioral / transactional models for monitoring the transaction behavior of loan accounts.
- p) Model validation is done on yearly basis to assess the discriminatory power and stability of the models.
- q) Bank has laid down appropriate mechanisms for ongoing identification, development and assessment of expertise of officials in the area of credit appraisal, underwriting and credit management functions.

- r) Internal credit rating of all credit proposals above ₹ 10 Crore is confirmed by Integrated Risk Management Department.
- s) Bank has adopted the best ESMS practices to minimise environmental and social risks associated with lending activities.

Structure and organization of risk management function:

Bank has put in place Board approved comprehensive Credit Risk Management Policy. The policy aims to provide basic framework for implementation of sound credit risk management system in the Bank. It spells out various areas of credit risk, goals to be achieved, current practices and future strategies. Bank has also operationalized required organizational structure and framework as prescribed in the policy for efficient credit risk management through proactive identification, precise measurement, fruitful monitoring and effective control of credit risk arising from its credit and investment operations. Risk Management Committee of the Board oversees Bank wide risk management and senior executive level Credit Risk Management Committee monitors adherence to policy prescriptions and regulatory directions. CRMC of the Bank meets at least once in a quarter (subject to minimum of 6 meetings in a year) to take stock of Bank's credit risk profile based on the reports placed by Credit Risk Division of Integrated Risk Management Department.

Bank has put in place a detailed Loan Policy spelling out various aspects of Credit dispensation and Credit administration. Loan policy stipulates measures for avoiding concentration risk by setting prudential limits and caps on sector wise, rating grade wise, security wise and customer-constitution wise exposure. CRM policy gives specific instructions on valuation of collaterals. Bank has also put in place guidelines on fixing and monitoring of exposure ceilings to contain risk in credit and investment exposures.

Bank has also put in place an 'Environmental and Social Management System (ESMS) Policy' for all lending activities. Adoption of ESMS practices for lending activities strengthens Bank's commitment for the cause of sustainable development as desired by the government, regulators and other stakeholders. ESMS policy enables Bank to minimize environmental and social impacts posed by the lending activities. The policy ensures more focus on funding to the borrowers whose projects are sustainable and environment friendly. This is achieved through meticulous risk categorization of the borrowers and by ensuring that the funds lent by Bank will be used for purposes / activities which have minimal impact on the environment and the society.

Scope and nature of risk reporting / measurement systems:

Bank has implemented comprehensive risk rating system that serves as a single point indicator of diverse risk factors of counterparty and for taking credit decisions

in a consistent manner. Risk rating is made applicable for all loan accounts irrespective of amount, whether funded or non-funded. However, staff loans, loan against liquid securities, pre-approved loans etc are exempted from rating. Bank uses different rating models which are two dimensional, viz obligor rating and facility rating. Risk rating models are drawn up in a structured manner, incorporating different factors such as borrower specific characteristics, industry specific characteristics, financials, securities offered etc.

Bank has specific rating models capable of rating large corporates, traders, SME, Non-Banking Finance Companies (NBFCs), real estate and service sector clients. Retail advances, small value loans and retail agriculture loans are rated using applicable score cards. Transactional / behavioral scorecards have been developed for all major retail portfolios and are used for monitoring the performance of the borrower post onboarding. All rating models are subjected to annual validation by objectively assessing the discriminatory power, stability of ratings and calibration of models are undertaken, if necessitated.

Rating process and rating output are used by the Bank in sanction and pricing of its exposures. All internal credit ratings assigned for credit facilities above ₹ 5 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 Team headed by the Chief Information Security Officer (CISO) formulates and periodically reviews the information and cyber security policies and practices.

Scope and nature of risk reporting / measurement systems:

Bank is collecting operational risk loss data directly from the loss originating points. Bank has established a separate accounting procedure for operational risk events to enhance transparency and to enable effective monitoring of loss events. The operational risk loss data is consolidated, analysed and reported to the Operational Risk Management Committee at least on a quarterly basis.

Bank is conducting RCSAs (Risk and Control Self-Assessments) regularly to assess the level of inherent and residual risks and appropriate controls are introduced, wherever necessary, to reduce the risk levels. The controls are frequently tested based on the level of the underlying risk and if failure exceeds defined thresholds, immediate steps are initiated for remediation/ improvement of the failed control.

Bank is monitoring Key Risk Indicators on a periodical basis for assessing the changes in operational risk profile and triggering reviews and corrective actions, if required.

Policies for hedging / mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants:

A robust control mechanism covering centralized processing, segregation of duties, straight through processing, timely reconciliation, user access controls etc. is in place and periodically reviewed. Wherever deficiencies are found in the processes or improvements are required to the mitigants, measures to remediate the same are taken up by the respective functional owners. Various training and awareness programs are conducted to improve awareness among the staff regarding the internal controls and procedures as also the various actions to be taken to avoid or minimize operational risks.

Prior to launching of any new product or process or alteration of any existing product or process, all relevant risks are analyzed, and processes and controls established to manage the risks involved.

As information & communication technologies are relied on for delivery of banking services, robust system level controls are put in place to ensure the confidentiality, integrity and availability of information systems in the Bank. There is a Security Operations Centre (SOC) which performs security monitoring round the clock. Bank has also received ISO 27001 accreditation for its critical IT areas.

To evaluate the effectiveness of the business continuity arrangements, periodic drills and tests are conducted. Bank has implemented a Business Continuity Management

System in conformance with ISO 22301 standards for its IT, centralized operations and clearing functions.

A preventive vigilance framework is in place, whereby various transactions are monitored by dedicated teams from the angle of fraud risk and AML. Bank is also using insurance for minimizing the impact of various operational risk losses and liabilities.

The Internal Audit Department undertakes various audits like RBIA, Revenue Audit, IS Audit, Special Audit, Management Audit etc. to provide an independent assurance on the management of operational risks.

4. Interest rate risk in Banking Book

Strategies and processes:

Interest Rate Risk is assessed in two perspectives – Earnings perspective using Traditional Gap Analysis to assess the impact of adverse movement in interest rate on the Net Interest Income (Earnings at Risk) and Economic value perspective using Duration Gap Analysis to assess the impact of adverse movement in interest rate on the market value of Bank's equity.

Structure and organization of risk management function:

Risk Management Committee at the Board level and ALCO at the executive level are responsible for effective management of Interest Rate Risk in Bank's business. Board approved ALM Policy governs the Interest rate risk management framework of the Bank. Market Risk Management Policy takes care of the management of Interest rate risk in the Trading Book of the Bank.

Scope and nature of risk reporting / measurement systems:

Interest rate risk in Banking Book is assessed and Modified Duration of Equity is evaluated on a monthly basis. The likely drop in Market Value of Equity for 200 bps change in interest rates is computed and benchmarked under the Internal Capital Adequacy Assessment Process for computation of Pillar II capital charge for Interest Rate Risk. Earnings at Risk based on Traditional Gap Analysis are calculated on a monthly basis. The results of Duration Gap Analysis as well as that of Traditional Gap Analysis including the adherence to tolerance limit set in this regard is monitored and is placed before ALCO for approval. Stress tests are conducted to assess the impact of interest rate risk under different stress scenarios on earnings of the Bank

Policies for hedging / mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants:

Bank has put in place mitigating / hedging measures prescribed by Investment Forex and derivative Policy, ALM Policy, Market Risk Management Policy. Risk profiles are analyzed and mitigating strategies/ hedging process are

suggested and operationalized by Treasury Department with the approval of Senior Level Committees.

TABLE DF – 3: CREDIT RISK: GENERAL DISCLOSURES

Qualitative disclosures

Definitions of past due and impaired (for accounting purposes):

1. Non-Performing Assets

An asset including a leased asset becomes non-performing when it ceases to generate income for the Bank. A non-performing asset (NPA) is a loan or an advance where

- a. Interest and/ or installment of principal remain overdue for a period of more than 90 days in respect of a term loan.
- b. The account remains 'Out of order' as indicated in paragraph 2 below, in respect of an Overdraft / Cash Credit (OD/CC).
- c. The bill remains overdue for a period of more than 90 days in case of bills purchased and discounted.
- d. The installment of principal or interest thereon remains overdue for two crop seasons for short duration crops.
- e. The installment of principal or interest thereon remains overdue for one crop season for long duration crops.
- f. The amount of liquidity facility remains outstanding for more than 90 days, in respect of securitization transaction undertaken in terms of the Reserve Bank of India (Securitization of Standard Assets) Directions, 2021.
- g. The overdue receivables representing positive mark-to-market value of a derivative contract remaining unpaid for a period of 90 days from the specified due date for payment, in respect of derivative transactions.
- h. The minimum amount due, as mentioned in the statement, is not paid fully within 90 days from the payment due date mentioned in the statement, in respect of credit card.
- i. The accounts with following temporary deficiencies.
 - i. Drawings in the working capital account based on drawing power calculated from stock statements older than three months, would be deemed as irregular. Such account will turn NPA if such irregular drawings are permitted in the account for a continuous period of 90 days.
 - ii. Regular/ ad hoc credit limits which is not reviewed/ renewed within 180 days from the due date/ date of ad hoc sanction will be treated as NPA.

2. 'Out of Order' status

A Cash Credit / Overdraft account will be treated as 'Out of Order' if

- a) The outstanding balance in the CC/OD account remains continuously in excess of the sanctioned limit/drawing power for 90 days, or
- b) The outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but there are no credits continuously for 90 days, or the outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but credits are not enough to cover the interest debited during the previous 90 days period.

3. 'Overdue'

Any amount due to the Bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the Bank.

4. Special Mention Accounts

As prescribed by RBI, the Bank is required to identify incipient stress in the account by creating a Sub Asset category named as 'Special Mention Accounts' (SMA). It is considered as a corrective action plan to arrest slippages of standard assets to NPA. Accordingly, Bank is identifying three sub categories under SMA as below:

SMA Sub-categories	Basis for classification - Principal or interest payment or any other amount wholly or partly overdue between
SMA-0	1 - 30 days
SMA-1	31 - 60 days
SMA-2	61 - 90 days

In the case of revolving credit facilities like cash credit, the SMA sub-categories will be as follows

SMA Sub-categories	Basis for classification - Outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for a period of:
SMA-1	31- 60 days

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)	2712010.65	223181.92	2935192.58
Geographic distribution of exposures (same basis as adopted for segment reporting adopted for compliance with AS 17)			
Overseas	23938.14	0.00	23938.14
Domestic	2688072.51	223181.92	2911254.43

*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.

SMA-2	61 – 90 days
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The above norms pertaining to classifying borrower accounts into SMA categories will be applicable for all loans (including retail loans), other than agricultural advances governed by crop season-based asset classification norms.

Credit Risk

Credit Risk may be defined as

- a. Inability or unwillingness of the counterparty to pay interest, repay principal or otherwise to fulfill their contractual obligations under loan agreements or other credit facilities.
- b. Downgrading of counterparties whose credit instruments, the Bank may be holding, causing the value of those assets to fall.
- c. Settlement Risk (possibility that the Bank may pay counterparty and fail to receive the corresponding settlement in return).

Discussion of the Bank's Credit Risk Management Policy:

Bank has put in place a detailed Credit Risk Management Policy. The goal of this policy is to create a transparent framework for identification, assessment and effective management of credit risk in all operations of the Bank and to secure organizational strength and stability in the long run. The policy aims at contributing to the Bank's profitability by efficient and profitable utilization of a prudent proportion of the Bank's resources and maintaining a reasonably balanced portfolio of acceptable risk quality through diversification of credit risks. The policy also envisages optimizing returns with satisfactory spread over funding cost and overheads.

The policy deals with the structure, framework and processes for effective management of inherent credit risk. Credit Risk Management Policy also provide a framework for identification of stressed sectors in the economy and creating additional provision for exposures to these sectors.

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	7376.47	956.06	8332.53	0.28%
A.1 Coal	630.70	0.00	630.70	0.02%
A.2 Others	6745.77	956.06	7701.83	0.26%
B. Food Processing	74000.34	3842.09	77842.43	2.65%
B.1 Sugar	5624.89	0.00	5624.89	0.19%
B.2 Edible Oils and Vanaspati	6808.69	2263.80	9072.48	0.31%
B.3 Tea	4054.22	9.31	4063.52	0.14%
B.4 Coffee	4080.01	11.53	4091.55	0.14%
B.5 Others	53432.53	1557.46	54989.99	1.87%
C. Beverages (excluding Tea & Coffee) and Tobacco	16421.85	1247.74	17669.59	0.60%
C.1 Tobacco and tobacco products	120.00	0.00	120.00	0.00%
C.2 Others	16301.85	1247.74	17549.59	0.60%
D. Textiles	76898.82	5388.82	82287.64	2.80%
D.1 Cotton	15539.11	1685.25	17224.36	0.59%
D.2 Jute	345.32	0.00	345.32	0.01%
D.3 Man-made	573.00	181.29	754.30	0.03%
D.4 Others	60441.40	3522.28	63963.67	2.18%
Out of D (i.e., Total Textiles) to Spinning Mills	18439.62	769.74	19209.37	0.65%
E. Leather and Leather products	1241.98	73.06	1315.05	0.04%
F. Wood and Wood Products	8266.99	696.23	8963.23	0.31%
G. Paper and Paper Products	9343.81	696.65	10040.46	0.34%
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	41292.34	443.12	41735.46	1.42%
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	102429.26	5454.03	107883.28	3.68%
I.1 Fertilizers	26156.62	1544.01	27700.63	0.94%
I.2 Drugs and Pharmaceuticals	35595.39	933.23	36528.62	1.24%
I.3 Petro-chemicals (excluding under Infrastructure)	596.18	315.93	912.10	0.03%
I.4 Others	40081.08	2660.85	42741.93	1.46%
J. Rubber, Plastic and their Products	23876.73	1720.52	25597.25	0.87%
K. Glass, Glassware and other non-metallic mineral products (Except Cement and Cement products)	3961.96	718.17	4680.13	0.16%
L. Cement and Cement Products	15379.56	350.45	15730.01	0.54%
M. Basic Metal and Metal Products	54687.63	8345.89	63033.52	2.15%
M.1 Iron and Steel	35360.21	4075.32	39435.53	1.34%
M.2 Other Metal and Metal Products	19327.42	4270.58	23598.00	0.80%
N. All Engineering	51435.90	16752.07	68187.97	2.32%
N.1 Electronics	3277.80	902.31	4180.11	0.14%
N.2 Others	48158.10	15849.77	64007.87	2.18%
O. Vehicles, Vehicle Parts and Transport Equipment	40302.95	2873.84	43176.79	1.47%
P. Gems and Jewellery	14194.84	562.41	14757.25	0.50%
Q. Construction	17797.17	19280.88	37078.06	1.26%
R. Infrastructure (Pertaining to Industries Sector Only)	216995.56	63823.99	280819.56	9.57%
R1. Transport and adjoining Infrastructure	13240.66	2793.73	16034.39	0.55%
R2. Energy	106605.16	12609.56	119214.72	4.06%
R3. Water and Sanitation	235.56	876.71	1112.26	0.04%
R4. Communication	11618.24	599.86	12218.11	0.42%
R5. Social and Commercial Infrastructure	10987.09	1807.21	12794.31	0.44%
R6. Others	74308.86	45136.92	119445.78	4.07%

(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
S. Other Industries	20419.04	1800.61	22219.65	0.76%
1. Industry (A to S)	796323.20	135026.64	931349.84	31.73%
2. Agriculture and Allied Activities	279784.02	154.19	279938.20	9.54%
3. Services	744914.25	88001.10	832915.34	28.38%
4. Retail Loans	796848.08	0.00	796848.08	27.15%
Interbank exposure	70202.97	0.00	70202.97	2.39%
Overseas	23938.14	0.00	23938.14	0.82%
Total Exposure (1 to 6)	2712010.65	223181.92	2935192.58	100.00%

* Total exposure exceeds 5% of gross credit exposure

RESIDUAL CONTRACTUAL MATURITY BREAKDOWN OF ASSETS (maturity bands as used in ALM returns are used)

(Amount in ₹ Mn.)

	Cash	Balances with RBI	Balances with other Banks	Investments	Advances	Fixed assets	Other assets	Total
Day 1	9529.37	571.62	13489.62	123757.19	41243.00	0.00	5749.47	194340.28
2 – 7 days	0.00	1242.85	44274.70	7101.21	9295.99	0.00	5530.59	67445.34
8-14 days	0.00	1228.85	4172.75	5124.74	18457.57	0.00	0.00	28983.91
15-30 days	0.00	3098.46	9758.39	12361.15	27894.17	0.00	614.24	53726.41
31 days & up to 2 months	0.00	3122.58	0.00	12495.25	54384.13	0.00	74.51	70076.47
Over 2 months & up to 3 months	0.00	4418.19	834.05	18239.21	89651.42	0.00	676.76	113819.63
Over 3 months & up to 6 months	0.00	15490.30	44.94	15367.85	196582.13	0.00	5967.70	233452.91
Over 6 months & up to 1 year	0.00	31190.44	2085.13	21766.55	173814.38	0.00	21624.75	250481.24
Over 1 year & up to 3 years	0.00	42876.44	33.91	105830.77	931044.93	0.00	64716.41	1144502.46
Over 3 years & up to 5 years	0.00	1458.85	0.00	116855.25	256411.17	0.00	20801.37	395526.64
Over 5 years & upto 7 years	0.00	369.33	0.00	104406.05	146183.13	0.00	51710.56	302669.06
Over 7 years & up to 10 years	0.00	335.68	0.00	49107.66	79427.30	0.00	193.66	129064.30
Over 10 year & up to 15 years	0.00	2.08	0.00	392.87	20426.47	0.00	20.68	20842.10
Over 15 years	0.00	0.64	0.00	15789.52	49217.57	10200.58	2978.96	78187.28
Total	9529.37	105406.31	74693.49	608595.27	2094033.35	10200.58	180659.65	3083118.02

ASSET QUALITY
Advances

(Amount in ₹ Mn.)

Amount of Non-Performing Assets (Gross)	45,288.65
Substandard	11,459.46
Doubtful 1	7,713.37
Doubtful 2	10,520.97
Doubtful 3	10,423.35
Loss	5,171.49
Net NPA	12,553.25
NPA ratios	
Gross NPAs to gross advances (%)	2.13%
Net NPAs to net advances (%)	0.60%
Movement of NPAs (Gross)	
Opening balance (balance as at the end of previous Fiscal)	41,837.69
Additions during the period*	17,415.27
Reductions*	13,964.31
Closing balance	45,288.65

*Including stressed asset sold to ARC

Movement of provisions

	(Amount in ₹ Mn.)	
	Specific Provision	General Provision
Opening balance (balance as at the end of previous Fiscal)	28,605.00	691.80
Provisions made during the period	10,280.52	-
Write Off	1,107.44	-
Write back of excess provisions	6,225.70	-
Any other adjustments, including transfers between provisions	51.00	-
Closing balance	31,501.38	691.80

Details of write offs and recoveries that have been booked directly to the income statement

	(Amount in ₹ Mn.)
Write offs that have been booked directly to the income statement	0.77
Recoveries that have been booked directly to the income statement	1,475.14

Investments

	(Amount in ₹ Mn.)
Amount of Non-Performing Investments (Gross)	754.98
Amount of provisions held for Non-Performing Investments	754.98
Movement of provisions for depreciation on investments	
Opening balance (balance as at the end of previous Fiscal)	4,588.5
Provisions made during the period	266.8
Write-off	-
Write-back of excess provisions	469.3
Closing balance	4386.00

Major Industry breakup of NPA

	(Amount in ₹ Mn.)	
Industry	Gross NPA	Specific Provision
NPA in Top 5 industries	6975.74	5605.67

Geography wise Distribution of NPA and Provision

	(Amount in ₹ Mn.)		
Geography	Gross NPA	Specific Provision	General Provision
Domestic	43,203.53	29,416.28	691.80
Overseas	2,085.12	2,085.12	-
Total	45,288.65	31,501.40	691.80

TABLE DF – 4: DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDIZED APPROACH
1. Qualitative disclosures

For portfolios under the Standardized Approach:

Names of credit rating agencies used, plus reasons for any changes:

Bank has approved all the six External Credit Rating Agencies accredited by RBI for the purpose of credit risk rating of domestic borrower accounts that forms the basis for determining risk weights under Standardized Approach.

External Credit Rating Agencies approved are:

1. CRISIL Ratings Ltd
2. CARE
3. India Ratings and Research Private Limited (Formerly FITCH INDIA)
4. ICRA
5. Acuite Rating & Research (Formerly SMERA Ratings Ltd)
6. INFOMERICS Valuation and Rating Pvt. Ltd. (INFOMERICS)

Bank is also using the ratings of the following international credit rating agencies for assigning risk weights to claims for capital adequacy purposes where the exposure can be specified as international exposure:

1. Fitch;
2. Moody's and
3. Standard & Poor's

With respect to external credit rating, Bank is using long term ratings for risk weighting all long-term claims and unrated short-term claims on the same counterparty. However, short term rating of a counterparty is used only to assign risk weight to all short-term claims of the obligor and not to risk weight unrated long-term claims on the same counterparty.

Types of exposure for which each agency is used:

1. Rating by the agencies is used for both funds based and non-fund-based exposures.
2. Short Term Rating given by the agencies is used for exposure with contractual maturity of less than or equal to one year (except Cash Credit, Overdrafts and other Revolving Credits).
3. Long Term Rating given by the agencies is used for exposures with contractual maturity of above one year and also for Cash Credit, Overdrafts and other Revolving Credits.
4. Rating assigned to one particular entity within a corporate group is not used to risk weight other entities within the same group.

The rating reviewed, at least once during past 15 months will only be considered for risk weighting purposes.

Description of the process used to transfer public issue ratings into comparable assets in the Banking Book:

The ratings available in public domain are mapped according to mapping process as envisaged in RBI guidelines on the subject.

Issue Specific Ratings (Bank's own exposures or other issuance of debt by the same borrower constituent/ counterparty) or Issuer Ratings (borrower constituent/ counterparty) are applied to unrated exposures of the same borrower constituent/ counterparty subject to the following:

1. Issue specific ratings are used where the unrated claim of the Bank ranks paripassu or senior to the rated issue / debt.
2. Wherever issuer rating or issue specific ratings are used to risk weight unrated claims, such ratings are extended to entire amount of claim on the same counterparty.
3. Ratings used for risk weighting purposes are confirmed from the websites of the rating agencies concerned. The name of the lender and the credit facility shall be published by the rating agency.

2. Quantitative disclosures

Risk weight 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)	Risk Weight	(Amount in ₹ Mn.)
	Below 100%	1949863.09
	100%	593814.36
	More than 100%	338840.83
	Deducted*	6796.16
	Total	2882518.28

*Investment in subsidiary

TABLE DF – 5: CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDIZED APPROACHES

1. Qualitative disclosures
Disclosures on credit risk mitigation methodology adopted by the Bank that are recognized under the Standardized Approach for reducing capital requirements for credit risk
1.1 Policies and processes for, and an indication of the extent to which the Bank makes use of, on- and off-balance sheet netting
Bank has no practice of on-balance sheet netting for credit risk mitigation. Eligible collaterals taken for the exposures are separately earmarked and the exposures are expressed without netting.
1.2 Policies and processes for collateral valuation and management
Bank has put in place Board approved policy on Credit Risk Management in which Collateral Management and credit risk mitigation techniques used by the Bank for both Risk management and capital computation purposes are separately included. The Loan policy of the Bank covers various aspects of valuation of collaterals.
1.3 Description of the main types of collateral taken by the Bank
Collaterals used by Bank as risk mitigants for capital computation under Standardized Approach comprise eligible financial collaterals namely:
<ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> 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 <ol style="list-style-type: none"> 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
<ol style="list-style-type: none"> 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			
Type of exposure	Credit equivalent of gross exposure	Value of eligible financial collateral after haircuts	Net amount of credit exposure
A Funded Credit Exposure	359132.75	322525.01	36607.74
B Non funded Credit exposure	74480.13	40744.47	33735.67
C Securitization exposures – On balance sheet	-	-	-
D Securitization exposures – Off balance sheet	-	-	-
TOTAL	433612.88	363269.48	70343.41
2.2 Credit risk exposure covered by guarantees			
Type of exposure	Credit equivalent of gross exposure	Amount of guarantee (Credit equivalent)	
A Funded Credit Exposure	32201.25	30479.22	
B Non funded Credit exposure	139.30	33.34	
C Securitization exposures – on balance sheet	-	-	
D Securitization exposures – off balance sheet	-	-	
TOTAL	32340.55	30512.56	

TABLE DF – 6: SECURITISATION: DISCLOSURES FOR STANDARDIZED APPROACH

1. Qualitative disclosures
1.1 General disclosures on securitization exposures of the Bank
A Objectives of securitization activities of the Bank (including the extent to which these activities transfer credit risk of the underlying securitized exposures away from the Bank to other entities and nature of other risks inherent in securitized assets)
Bank's securitisation exposure is limited to investments in securitisation instruments (Pass Through Certificates) and purchase of asset portfolio by way of Direct assignment route. The Bank invests/ purchase securitised assets with the objective of book building and yield optimisation.
B Role of Bank in securitization processes (originator / investor/ service provider/ facility provider etc.) and extent of involvement in each activity.
As an Investor: The Bank invests in Pass Through Certificates backed by financial assets originated by third parties. Such investments are held in its Trading book.
As an Assignee: The Bank also purchases Asset portfolio by way of Direct assignment from Banks / NBFCs.
C Processes in place to monitor changes in the credit and market risk of securitization exposures
The major risks involved in Loan assignment transactions are:
Credit Risk: The risk of default on a debt that may arise from an obligor failing to make required payments.
Co-mingling risks: Risks arising on account of co-mingling of funds belonging to the assignee with that of originator. This occurs when there is a time lag between collection of loan instalments by the originator and remittance to the assignee.
Regulatory and legal risks: Risks arising due to non-compliance of regulatory requirements resulting in keeping higher risk weight/ capital charge for assignment transactions. Risk of non-compliance of regulatory rules.
Prepayment risk: Prepayment risk arises on account of prepayment of dues by obligors in the assigned pool either in part or full.
Bank is constantly monitoring the changes in Credit and Market risk profile of securitization instruments held in the Trading book and Banking book. In case of portfolio purchased through Assignment route, monitoring is done on an individual account level.
D Bank's policy governing the use of credit risk mitigation to mitigate the risks retained through securitization exposures
The Bank has not originated any securitization exposures. In the case of purchase by way of Direct assignment route, Bank has not used any Credit risk mitigants.
1.2 Accounting policies for securitization activities
A Treatment of transaction (whether as sales or financings)
NA
B Methods and key assumptions (including inputs) applied in valuing positions retained or purchased
Income from investments in Pass Through Certificates is recognized on accrual basis. Income recognition is subjected to prudential norms stipulated by Reserve Bank of India in this regard. The loans purchased through Direct assignment route are classified as advances. The loans purchased will be carried at acquisition cost.
C Changes in methods and key assumptions from the previous period and impact of the changes
No change is effected in methods and key assumptions used for valuation of investment in securitized instruments (Pass Through Certificates).

D Policies for recognizing liabilities on the balance sheet for arrangements that could require the Bank to provide financial support for securitized assets.

Bank has not entered into any arrangement to provide financial support for securitized assets.

1.3 In the Banking Book, names of ECAIs used for securitizations and the types of securitization exposures for which each agency is used.

For computation of Capital requirements for loans purchased by way of Direct assignment, Bank has used the Credit rating issued by eligible ECAIs.

2. Quantitative disclosures (Amount in ₹ Mn)

2.1 In the Banking Book

A	Total amount of exposures securitized by the Bank	Nil
B	For exposures securitized, losses recognized by the Bank during the current period (exposure type wise break up)	Nil
C	Amount of assets intended to be securitized within a year	Nil
D	Of (C) above, amount of assets originated within a year before securitization	Nil

E	Securitization exposures (by exposure type) and unrecognised gain or losses on sale thereon	
	Type of exposure	Unrecognised gain / loss
	Nil	Nil

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	3270.51
		Loan against property	18431.46
		Mixed Assets*	3382.19
		Agri / Allied activities	198.43
		Total	25282.59

G	Aggregate amount of off-balance sheet securitization exposures (exposure type wise breakup)	NIL
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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	3249.85	292.49
	Mixed Assets*	2989.75	269.08
	Loan against property	-	-
	Agri / Allied activities	-	-
At 100%	Agri / Allied activities	198.43	17.86
	Loan against property	-	-
	Housing Loans	20.66	1.86
More than 100%	Loan against property	18431.46	1658.83
	Mixed Assets*	392.44	35.32

*includes Commercial Vehicle Loans, Personal loan and Micro & Small Business Loans

I	Total amount of deductions from capital on account of securitization exposures	Nil
	Deducted entirely from Tier I capital-underlying exposure type wise break up	Nil
	Credit enhancing interest only strips (I/O) deducted from total capital – underlying exposure type wise break up	Nil
	Other exposures deducted from total capital – underlying exposure type wise break up	Nil

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
	Nil	Nil	Nil

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.)
	Investment in Pass through Certificates	36231.92

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.)
Investment in Pass through Certificates	3.24%	36369.51

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.)
Investment in Pass through Certificates	3.24%	1176.85

G	Total amount of deductions from capital on account of securitization exposures	Nil
	Deducted entirely from Tier I capital – underlying exposure type wise break up	Nil
	Credit enhancing interest only strips (I/Os) deducted from total capital – underlying exposure type wise break up	Nil
	Other exposures deducted from total capital – underlying exposure type wise break up	Nil

TABLE DF – 7: MARKET RISK IN TRADING BOOK

1. Qualitative disclosures

1.1 Approach used for computation of capital charge for market risk

Bank has adopted Standardized Duration Approach as prescribed by RBI for computation of capital charge for general market risk and is fully compliant with such RBI guidelines. Bank uses VaR as an indicative tool for measuring Forex risk and Equity Price risk. Standardized Duration Approach is applied for computation of General Market Risk for

- Securities under HFT category
- Securities under AFS category
- Open gold position limits
- Open foreign exchange position limits
- Trading positions in derivatives
- Derivatives entered into for hedging trading book exposures

Specific capital charge for market risk is computed based on risk weights prescribed by the Regulator.

1.2 Portfolios covered in the process of computation of capital charge

Investment portfolio under AFS and HFT, Gold and Forex open positions and Derivatives entered for trading and hedging.

2. Quantitative disclosures

(Amount in ₹ Mn.)

2.1 Minimum capital requirements for market risk as per Standardized Duration Approach

Interest rate risk	3764.82
Foreign exchange risk (including gold)	222.75
Equity position risk	2518.06

TABLE DF – 8: OPERATIONAL RISK

1. Qualitative disclosures

1.1 Approach used for computation of capital charge for operational risk (and for which the Bank is qualified)

Bank is following the Basic Indicator Approach for computation of capital charge for operational risk.

TABLE DF – 9: INTEREST RATE RISK IN BANKING BOOK (IRRBB)

1. Qualitative disclosures

The impact of adverse movements in interest rates on financials is referred to as interest rate risk. For banking book, interest rate risk arises through mismatches in re-pricing of interest rate sensitive assets (RSA), rate sensitive liabilities (RSL) and rate sensitive off-balance sheet items. As interest rate risk can impact both Net Interest Income (NII) and Economic value of capital, it is assessed and managed from both earnings and economic value perspective.

- a) Earnings perspective: Analyses the impact on Bank's Net Interest Income (NII) in the short term through traditional gap analysis.
- b) Economic perspective: Analyses the impact on the Net-worth of Bank due to re-pricing of assets, liabilities and off-balance sheet items through duration gap analysis.

The Bank classifies an asset/liability as rate sensitive if:

- Within the time interval under consideration, there is a cash flow
- The interest rate resets / reprices contractually during the interval
- RBI changes the interest rates in cases where interest rates are administered.

Rate sensitive assets and liabilities are grouped under various time buckets prescribed by RBI for interest rate sensitivity statement and bucket wise modified duration is computed using the suggested common maturity, coupon and yield parameters.

Non-rate sensitive liabilities and assets primarily comprise of capital, reserves and surplus, other liabilities, cash and balances with RBI, current account balances with Banks, fixed assets and other assets.

IRRBB is assessed on a monthly basis and monitored by ALCO, both under earnings and economic value perspectives.

(Amount in ₹ Mn.)

2 Quantitative disclosures - Impact of interest rate risk		
	Total Book	Banking Book
2.1 Earnings perspective (Traditional Gap Analysis)		
Earnings at Risk (EaR) – impact for one year due to Uniform 1% increase/ decrease in interest rate	7756.30	7527.05
Economic value perspective – percentage and quantum of decrease in market value of equity on account of 1% uniform increase/decrease in interest rate	10675.81	6952.37

(Currency wise break up not provided as the turnover in other currencies is less than 5% of total turnover)

TABLE DF – 10: GENERAL DISCLOSURE FOR EXPOSURE RELATED TO COUNTERPARTY CREDIT RISK

Qualitative disclosures

Bank has put in place Counterparty Credit Risk limits for Banks as counterparty, based on internal rating of the counterparty Bank and with the approval of the Board. Counterparty exposures for other entities are subject to comprehensive exposure ceilings fixed by the Board. Capital for Counterparty Credit Risk is assessed based on the Standardized Approach.

Quantitative disclosures

The Bank does not recognize bilateral netting. The credit equivalent amounts of derivatives that are subjected to risk weighting are calculated as per the Current Exposure Method. The balance outstanding and the current exposure thereof are as follows:

(Amount in ₹ Mn.)

Particulars	Notional Amounts	Current Exposure
Foreign exchange contracts	732211.54	29288.02
Interest rate derivative contracts	220363.75	2199.24
Total	952575.29	31487.26

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)	111539.34	a+d-m2
2 Retained earnings	71227.02	l+m-m1
3 Accumulated other comprehensive income (and other reserves)	111526.28	b+c+e+f+i+j+k+di
4 Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	0.00	
5 Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	0.00	
6 Common Equity Tier 1 capital: before regulatory adjustments	294292.64	
Common Equity Tier 1 capital: regulatory adjustments		
7 Prudential valuation adjustments	0.00	
8 Goodwill (net of related tax liability)	150.18	x1
9 Intangibles other than mortgage-servicing rights (net of related tax liability)	41.15	r+p
10 Deferred tax assets	0.00	
11 Cash-flow hedge reserve	0.00	
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	3023.05	
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	502.36	
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	

(Amount in ₹ Mn.)

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	0.00	
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	3716.74	
29 Common Equity Tier 1 capital (CET1)	290575.90	
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)	290575.90	
Tier 2 capital: instruments and provisions		
46 Directly issued qualifying Tier 2 instruments plus related stock surplus	19950.00	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	12057.93	o+g+h
51 Tier 2 capital before regulatory adjustments	32007.93	

(Amount in ₹ Mn.)

Tier 2 capital: regulatory adjustments		
52	Investments in own Tier 2 instruments	0.00
53	Reciprocal cross-holdings in Tier 2 instruments	0.00
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	0.00
58	Tier 2 capital (T2)	32007.93
59	Total capital (TC = T1 + T2) (45 + 58)	322583.83
60	Total risk weighted assets (60a + 60b + 60c)	1960566.78
60 a	of which: total credit risk weighted assets	1738361.81
60 b	of which: total market risk weighted assets	72284.79
60 c	of which: total operational risk weighted assets	149920.18
Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	14.82%
62	Tier 1 (as a percentage of risk weighted assets)	14.82%
63	Total capital (as a percentage of risk weighted assets)	16.45%
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	0.00%
65	of which: capital conservation buffer requirement	2.50%
66	of which: Bank specific countercyclical buffer requirement	0.00%
67	of which: G-SIB buffer requirement	0.00%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	9.32%
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	7104.93
73	Significant investments in the common stock of financial entities	8304.93
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 standardised approach (prior to application of cap)	9482.60
77	Cap on inclusion of provisions in Tier 2 under standardised approach	21729.52
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, 2024)		
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	173.45
	Total as indicated in row 10	173.45
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	2499.83
	of which: Increase in Common Equity Tier 1 capital	2499.83
	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	9482.60
	Investment Fluctuation Reserve included in Tier 2 capital	2575.33
	Eligible Revaluation Reserves included in Tier 2 capital	0.00
	Total of row 50	12057.93

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
		31-03-2024	31-03-2024
A	Capital & Liabilities		
i	Paid-up Capital	4870.70	4870.70
	Reserves & Surplus	286073.48	303374.70
	Minority Interest		
	Total Capital	290944.18	308245.41
ii	Deposits	2525340.15	2524550.12
	of which: Deposits from Banks	44187.63	44187.63
	of which: Customer deposits	2481152.53	2480362.50
	of which: Other deposits (pl. specify)	0.00	0.00
iii	Borrowings	180264.16	251596.20
	of which: From RBI	28510.00	28510.00
	of which: From Banks	5771.00	66471.08
	of which: From other institutions & agencies	109996.03	120627.98
	of which: Others (pl. specify)	35987.14	35987.14
	of which: Capital instruments	19950.00	19950.00
iv	Other liabilities & provisions	86569.52	92984.79
	Total Liabilities	3083118.02	3177376.52
B	Assets		
i	Cash and balances with Reserve Bank of India	114935.68	115091.15
	Balance with Banks and money at call and short notice	74693.49	76847.09
ii	Investments:	608595.27	609418.21
	of which: Government securities	518403.56	520842.00
	of which: Other approved securities	0.00	0.00
	of which: Shares	6077.42	5790.20
	of which: Debentures & Bonds	32926.76	30638.06
	of which: Subsidiaries / Joint Ventures / Associates	6529.16	2499.83
	of which: Others (Commercial Papers, Mutual Funds etc.)	44658.37	49648.12

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
		31-03-2024	31-03-2024
iii	Loans and advances	2094033.35	2181102.82
	of which: Loans and advances to Banks	26821.82	26821.82
	of which: Loans and advances to customers	2067211.53	2154280.99
iv	Fixed assets	10200.58	10630.34
v	Other assets	180659.65	184286.91
	of which: Goodwill and intangible assets	0.00	41.15
	of which: Deferred tax assets	0.00	173.45
vi	Goodwill on consolidation	0.00	0.00
vii	Debit balance in Profit & Loss account	0.00	0.00
Total Assets		3083118.02	3177376.52

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.
		31-03-2024	31-03-2024	
A	Capital & Liabilities			
i	Paid-up Capital	4870.70	4870.70	
	of which: Amount eligible for CET1	4870.70	4870.70	a
	of which: Amount eligible for AT1	0.00	0.00	
	Reserves & Surplus	286073.48	303374.70	
	Of which	0.00	0.00	
	-Statutory Reserve	55362.26	55362.26	b
	-Revaluation Reserves	0.00	0.00	c
	-Revaluation reserves at a discount of 55 per cent	50.09	50.09	c i
	-Share premium	102131.43	106668.64	d
	-Capital Redemption Reserve	0.00	12.32	di
	-Capital Reserve	8385.38	8385.38	e
	-Revenue and other reserves	34941.68	35815.84	f
	-Investment fluctuation reserve	2575.33	2575.33	g
	-Investment reserve	162.43	162.43	h
	-Foreign Currency Translation Reserve (at a discount of 75 per cent)	-177.42	-177.42	i
	-ESOP Reserve	34.14	37.68	i1
	-Special reserve	11826.90	11826.90	j
	-Contingency reserve	301.00	301.00	k
	- Balance in Profit and loss account at the end of the previous financial year	53852.70	56747.10	l
	- Current Financial year profit (After appropriations)	16627.55	17402.34	m
	- Dividend appropriation considered for regulatory purposes	2922.42	2922.42	m1
	Minority Interest	0.00	8204.81	m2
	-Cash flow hedge reserve	0.00		
	Total Capital	290944.18	308245.41	
ii	Deposits	2525340.15	2524550.12	
	of which: Deposits from Banks	44187.63	44187.63	
	of which: Customer deposits	2481152.53	2480362.50	
	of which: Other deposits (pl. specify)	0.00	0.00	

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.
		31-03-2024	31-03-2024	
iii	Borrowings	180264.16	251596.20	
	of which: From RBI	28510.00	28510.00	
	of which: From Banks	5771.00	66471.08	
	of which: From other institutions & agencies	109996.03	120627.98	
	of which: Others	35987.14	35987.14	
	of which: Capital instruments (Tier II bonds)	19950.00	19950.00	
	- Recognised under Tier II	19950.00	19950.00	n
	- Not Recognised under Tier II	0.00	0.00	
iv	Other liabilities & provisions	86569.52	92984.79	
	of which: DTLs	277.07	0.00	
	of which: Standard asset provision included under Tier II	7906.29	9320.17	o
Total Liabilities		3083118.02	3177376.52	
B	Assets			
i	Cash and balances with Reserve Bank of India	114935.68	115091.15	
	Balance with Banks and money at call and short notice	74693.49	76847.09	
ii	Investments	608595.27	609418.21	
	of which: Government securities	518403.56	520842.00	
	of which: Other approved securities	0.00	0.00	
	of which: Shares	6077.42	5790.20	
	of which: Good will	0.00	150.18	x1
	of which: Debentures & Bonds	32926.76	30638.06	
	of which: Subsidiaries / Joint Ventures / Associates	6529.16	2499.83	
	of which: Others (Commercial Papers, Mutual Funds etc.)	44658.37	49648.12	
iii	Loans and advances	2094033.35	2181102.82	
	of which: Loans and advances to Banks	26821.82	26821.82	
	of which: Loans and advances to customers	2067211.53	2154280.99	
iv	Fixed assets	10200.58	10630.34	
	of which Intangible assets	0.00	41.15	p
v	Other assets	180659.65	184286.91	
	a Other intangibles (excluding MSRs)	0.00	0.00	r
	b Deferred tax assets		173.45	
	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		3083118.02	3177376.52	

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 are classified at the time of purchase into Held for Trading" ('HFT'), "Available for Sale" ('AFS') and "Held to Maturity" ('HTM') categories.

Investment in the equity of subsidiaries and joint ventures (a Joint Venture is the one in which the Bank, along with its subsidiaries, holds more than 25% of the equity) are required to be classified under HTM category.

Investments in Held to Maturity are carried at their acquisition cost. 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

Investments in subsidiaries/associates as per RBI guidelines are categorized as HTM and assessed for impairment to determine permanent diminution, if any. The book value of Bank's equity investment HTM portfolio was ₹ 6,529.16 Mn as at 31.03.2024.

Quantitative Disclosures

	Amount in ₹ Mn
Market Value of Equity Investments in HTM Outstanding	6529.16
The types and nature of investments, including the amount that can be classified as:	
▪ Market Value of Listed Equities in HTM	4399.16
▪ Market Value of Unlisted Equities in HTM	2130.00
Net Profit / Loss on sale of Equities from HTM	991.14
Total unrealized gains (losses)*	-
MTM of HTM equities	-

*Unrealized gains (losses) recognized in the balance sheet but not through the profit and loss account.

All our investments in subsidiaries are kept under common equity.

Leverage Ratio (Consolidated)

Leverage ratio is a non-risk based measure of exposure over capital. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements. The Basel III leverage ratio is defined as the ratio of capital measure (the numerator) to exposure measure (the denominator), expressed as a percentage.

The capital measure used for the leverage ratio at any particular point in time is the Tier 1 capital measure applying at that time under the risk-based framework. Total exposure measure is the sum of the on-balance sheet exposures, derivative exposures, securities financing transaction (SFT) exposures and off-balance sheet (OBS) items.

$$\text{Leverage Ratio} = \frac{\text{Tier I Capital}}{\text{Total Exposure}}$$

TABLE DF 17 - SUMMARY COMPARISON OF ACCOUNTING ASSETS VS. LEVERAGE RATIO EXPOSURE MEASURE

Item	Amount in ₹ Mn
1 Total consolidated assets as per published financial statements	3177376.52
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)	3716.74
4 Adjustments for derivative financial instruments	29501.96
5 Adjustment for securities financing transactions (i.e. repos and similar secured lending)	707.02
6 Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	281961.58
7 Other adjustments	10782.51
8 Leverage ratio exposure	3496612.85

TABLE DF 18 - LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE

		(Amount in ₹ Mn.)
Item		Leverage ratio framework
On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	3188159.03
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	3716.74
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	3184442.28
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	4104.00
5	Add-on amounts for PFE associated with all derivatives transactions	25397.96
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)	29501.96
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	707.02
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0.00
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)	707.02
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	810047.39
18	(Adjustments for conversion to credit equivalent amounts)	528085.81
19	Off-balance sheet items (sum of lines 17 and 18)	281961.58
20	Tier 1 Capital	290575.90
21	Total exposures (sum of lines 3, 11, 16 and 19)	3496612.85
22	Basel III leverage ratio	8.31%

*Leverage ratio (Solo):8.15%

FORM AOC-I

(PURSUANT TO FIRST PROVISION 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, 2024

(₹ 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	3,693,900	100,000
7.	Reserves & surplus	17,661,800	161,814
8.	Total assets	110,140,400	355,464
9.	Total Liabilities	88,784,700	93,650
10.	Investments	7,486,500	-
11.	Turnover	16,465,300	785,116
12.	Profit before taxation	2,921,200	71,770
13.	Provision for taxation	745,000	11,935
14.	Profit after taxation	2,176,200	59,835
15.	Proposed Dividend	NIL	NIL
16.	Extent of shareholding (in %)	61.58	100.00

Notes:

- Names of subsidiaries which are yet to commence operations - NIL
- Names of subsidiaries which have been liquidated or sold during the year. – NIL
- The reported figures of the subsidiaries are as per the audited financial statements prepared for the consolidation as per AS 21, Consolidated Financial Statements.

PART "B": ASSOCIATES AND JOINT VENTURES

STATEMENT PURSUANT TO SECTION 129 (3) OF THE COMPANIES ACT, 2013 RELATED TO ASSOCIATE COMPANIES AND JOINT VENTURES

Name of Associates/Joint Ventures	Ageas Federal Life Insurance Company Limited	Equirus Capital Private Limited
1. Latest audited Balance Sheet	31/03/2024	31/03/2024
2. Date on which the Associate or Joint Venture was associated or acquired	23/11/2006	12/07/2018
3. Shares of Associate/Joint Ventures held by the company on the year end		
Number of shares held	208,000,000	13,395,910
Amount of Investment in Associates/Joint Venture (₹ in Thousand)	2,080,000	240,138
Extent of Holding (in %)	26.00%	19.59%
4. Description of how there is significant influence	Investment more than 20%	Right of proportionate representation in the Board as well as power to participate in the financial/operational matters like approval of business plan, policies, budgets, managerial remuneration, change in KMP etc
5. Reason why the associate/joint venture is not consolidated	NA	NA
6. Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in Thousand)	3,056,954	306,102
7. Profit / (Loss) for the year 2023-24 (₹ in Thousand)		
i. Considered in Consolidation	278,117	86,954
ii. Not Considered in Consolidation	791,565	356,186

Notes:

- Names of associates or joint ventures which are yet to commence operations - NIL
- Names of associates or joint ventures which have been liquidated or sold during the year - NIL.

For The Federal Bank Limited

A P Hota

Chairman
DIN: 02593219

Shyam Srinivasan

Managing Director & CEO
DIN: 02274773

Shalini Warriar

Executive Director
DIN: 08257526

Harsh Dugar

Executive Director
DIN: 00832748

Venkatraman Venkateswaran

Chief Financial Officer

Samir P Rajdev

Company Secretary

Manikandan Muthiah

Head - Financial Reporting

Place: Kochi

Date : May 02, 2024

GRI CONTENT INDEX

Statement of use	The Federal Bank Limited has reported the information cited in this GRI content index for the period 1 st April 2023 to 31 st March 2024 in accordance with the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	Location	Page number
GRI 2: General Disclosures 2021	2-1 Organizational details	BRSR Section A	204
	2-2 Entities included in the organization's sustainability reporting	BRSR Section A	204
	2-3 Reporting period, frequency and contact point	About the report, BRSR Section A	6, 204
	2-4 Restatements of information	About the report	7
	2-5 External assurance	BRSR Section A	204
	2-6 Activities, value chain and other business relationships	Creating Value for our stakeholders, Exploring Synergies, Achieving Healthy Growth, Supporting growth, BRSR Section A	9, 19, 22-23, 86-87, 204-205
	2-7 Employees	Unlocking Success Together, BRSR Section A	80-81, 205
	2-8 Workers who are not employees	BRSR Section A	205
	2-9 Governance structure and composition	Board of Directors, Corporate Governance Report	100-101, 165-166
	2-10 Nomination and selection of the highest governance body	Corporate Governance Report	165-166
	2-11 Chair of the highest governance body	Corporate Governance Report	165
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance Report	165
	2-13 Delegation of responsibility for managing impacts	Corporate Governance Report	179
	2-14 Role of the highest governance body in sustainability reporting	Corporate Governance Report	179
	2-15 Conflicts of interest	BRSR Principle 1	215-216
	2-16 Communication of critical concerns	Growing through Collaboration, A Clear Demonstration of Integrity, Board's Report	56-57, 96-97, 119
	2-17 Collective knowledge of the highest governance body	Corporate Governance Report	167-168
	2-18 Evaluation of the performance of the highest governance body	A Clear Demonstration of Integrity, Board Evaluation	98, 115
	2-19 Remuneration policies	Board Remuneration Policies, Board's Report, Remuneration to Directors, BRSR Principle 5	98, 114-115, 169, 225
	2-20 Process to determine remuneration	Board Remuneration Policies, Board's Report, Remuneration to Directors, Schedule 18: Disclosures on Remuneration	98, 114-115, 169, 301-305
	2-21 Annual total compensation ratio	A Clear Demonstration of Integrity	98-99
	2-22 Statement on sustainable development strategy	BRSR Section B	212
	2-23 Policy commitments	A Clear Demonstration of Integrity, BRSR Section B	96, 210-211
	2-24 Embedding policy commitments	A Clear Demonstration of Integrity, Corporate Governance Report, BRSR Section B	96, 188, 211, 213,
	2-25 Processes to remediate negative impacts	Achieving Long Term Stability, Corporate Governance Report	66-67, 184
	2-26 Mechanisms for seeking advice and raising concerns	A Clear Demonstration of Integrity	97
	2-27 Compliance with laws and regulations	BRSR Principle 1,6	214, 231
	2-28 Membership associations	BRSR Principle 7	233
	2-29 Approach to stakeholder engagement	Growing through Collaboration, BRSR Principle 4	56-57, 222-224
	2-30 Collective bargaining agreements	Empowering Excellence: Federal Bank's Human Resource Odyssey, BRSR Principle 3	152, 219

GRI STANDARD	DISCLOSURE	Location	Page number
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment	58-59
	3-2 List of material topics	Materiality Assessment, BRSR Section A	60-61, 207-210
GRI 201: Economic Performance 2016	3-3 Management of material topics	Materiality Assessment	60-61
	201-1 Direct economic value generated and distributed	Creating Value for our Stakeholders	8-9
	201-2 Financial implications and other risks and opportunities due to climate change	Materiality Assessment, BRSR Section A	60-61, 209
	201-3 Defined benefit plan obligations and other retirement plans	BRSR Principle 3	218
GRI 202: Market Presence 2016	3-3 Management of material topics	Materiality Assessment	60-61
	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	BRSR Principle 5	224
	202-2 Proportion of senior management hired from the local community	All the senior management personnel of the Bank are from India	-
GRI 203: Indirect Economic Impacts 2016	3-3 Management of material topics	Materiality Assessment	60-61
	203-1 Infrastructure investments and services supported	Giving back to our society, Annexure A	88-95, 123-125
	203-2 Significant indirect economic impacts	Giving back to our society, Annexure A	88-95, 123-125
GRI 204: Procurement Practices 2016	3-3 Management of material topics	Materiality Assessment	60-61
	204-1 Proportion of spending on local suppliers	BRSR Principle 8	234
GRI 205: Anti-corruption 2016	3-3 Management of material topics	Materiality Assessment	60-61
	205-1 Operations assessed for risks related to corruption	During the reporting period, the Bank has not specifically incorporated corruption in the risk assessment process	-
	205-2 Communication and training about anti-corruption policies and procedures	A Clear Demonstration of Integrity	96
	205-3 Confirmed incidents of corruption and actions taken	A Clear Demonstration of Integrity, BRSR Principle 1	99, 214
GRI 206: Anti-competitive Behavior 2016	3-3 Management of material topics	Materiality Assessment	60-61
	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No legal actions pending or completed during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant	-
GRI 207: Tax 2019	3-3 Management of material topics	Materiality Assessment	60-61
	207-1 Approach to tax	Taxation Policy	157
	207-2 Tax governance, control, and risk management	Taxation Policy	157
	207-3 Stakeholder engagement and management of concerns related to tax	Taxation Policy	157
	207-4 Country-by-country reporting	Taxation Policy	157
GRI 301: Materials 2016	3-3 Management of material topics	Materiality Assessment	60-61
	301-1 Materials used by weight or volume	Not Applicable	-
	301-2 Recycled input materials used	Not Applicable	-
GRI 302: Energy 2016	3-3 Management of material topics	Materiality Assessment	60-61
	302-1 Energy consumption within the organization	BRSR Principle 6	227
	302-2 Energy consumption outside of the organization	Not Applicable	-
	302-3 Energy intensity	BRSR Principle 6	227
	302-4 Reduction of energy consumption	Committed to a Greener Tomorrow, BRSR Principle 6	74-75, 227, 229
	302-5 Reductions in energy requirements of products and services	Committed to a Greener Tomorrow, BRSR Principle 6	74-75, 229

GRI STANDARD	DISCLOSURE	Location	Page number
GRI 303: Water and Effluents 2018	3-3 Management of material topics	Materiality Assessment	60-61
	303-1 Interactions with water as a shared resource	Not Applicable	-
	303-2 Management of water discharge-related impacts	Not Applicable	-
	303-3 Water withdrawal	BRSR Principle 6	228
	303-4 Water discharge	BRSR Principle 6	228
	303-5 Water consumption	BRSR Principle 6	228
GRI 304: Biodiversity 2016	3-3 Management of material topics	Materiality Assessment	60-61
	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	As an institution providing financial services, the Bank does not cause any significant, direct impact on biodiversity	-
	304-2 Significant impacts of activities, products and services on biodiversity	As an institution providing financial services, the Bank does not cause any significant, direct impact on biodiversity	-
	304-3 Habitats protected or restored	As an institution providing financial services, the Bank does not cause any significant, direct impact on biodiversity	-
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	As an institution providing financial services, the Bank does not cause any significant, direct impact on biodiversity	-
	GRI 305: Emissions 2016	3-3 Management of material topics	Materiality Assessment
305-1 Direct (Scope 1) GHG emissions		Committed to a Greener Tomorrow, BRSR Principle 6	75, 229
305-2 Energy indirect (Scope 2) GHG emissions		Committed to a Greener Tomorrow, BRSR Principle 6	75, 229
305-3 Other indirect (Scope 3) GHG emissions		BRSR Principle 6	232
305-4 GHG emissions intensity		BRSR Principle 6	229, 232
305-5 Reduction of GHG emissions		Committed to a Greener Tomorrow, BRSR Principle 6	75, 229
305-6 Emissions of ozone-depleting substances (ODS)		Owing to the nature of the business, air emission parameters provided here are not material for the Bank	-
305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		Owing to the nature of the business, air emission parameters provided here are not material for the Bank	-
GRI 306: Waste 2020	3-3 Management of material topics	Materiality Assessment	60-61
	306-1 Waste generation and significant waste-related impacts	BRSR Principle 6	230
	306-2 Management of significant waste-related impacts	BRSR Principle 6	230
	306-3 Waste generated	BRSR Principle 6	230
	306-4 Waste diverted from disposal	BRSR Principle 6	230
	306-5 Waste directed to disposal	BRSR Principle 6	230
GRI 308: Supplier Environmental Assessment 2016	3-3 Management of material topics	Materiality Assessment	60-61
	308-1 New suppliers that were screened using environmental criteria	Not Applicable	-
	308-2 Negative environmental impacts in the supply chain and actions taken	Not Applicable	-
GRI 401: Employment 2016	3-3 Management of material topics	Materiality Assessment	60-61
	401-1 New employee hires and employee turnover	Unlocking success together Empowering Excellence: Federal Bank's Human Resource Odyssey, BRSR Section A	80-82, 151, 206
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	BRSR Principle 3	217
	401-3 Parental leave	Empowering Excellence: Federal Bank's Human Resource Odyssey, BRSR Principle 3	151, 217

GRI STANDARD	DISCLOSURE	Location	Page number	
GRI 402: : Labor/ Management Relations 2016	3-3 Management of material topics	Materiality Assessment	60-61	
	402-1 Minimum notice periods regarding operational changes	Empowering Excellence: Federal Bank's Human Resource Odyssey	152	
GRI 403: Occupational Health and Safety 2018	3-3 Management of material topics	Materiality Assessment	60-61	
	403-1 Occupational health and safety management system	Empowering Excellence: Federal Bank's Human Resource Odyssey, BRSR Principle 3	152, 219	
	403-2 Hazard identification, risk assessment, and incident investigation	Empowering Excellence: Federal Bank's Human Resource Odyssey, BRSR Principle 3	152, 220	
	403-3 Occupational health services	Empowering Excellence: Federal Bank's Human Resource Odyssey	152	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Not Applicable	-	
	403-5 Worker training on occupational health and safety	Not Applicable	-	
	403-6 Promotion of worker health	Not Applicable	-	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Empowering Excellence: Federal Bank's Human Resource Odyssey	152	
	403-8 Workers covered by an occupational health and safety management system	Not Applicable	-	
	403-9 Work-related injuries	BRSR Principle 3	220	
GRI 404: Training and Education 2016	3-3 Management of material topics	Materiality Assessment	60-61	
	404-1 Average hours of training per year per employee	Creating Value for our stakeholders, BRSR Principle 3	8, 219	
	404-2 Programs for upgrading employee skills and transition assistance programs	Unlocking success together BRSR Principle 3	80, 219	
	404-3 Percentage of employees receiving regular performance and career development reviews	BRSR Principle 3	219	
	GRI 405: Diversity and Equal Opportunity 2016	3-3 Management of material topics	Materiality Assessment	60-61
		405-1 Diversity of governance bodies and employees	Board of Directors Corporate Governance Report BRSR Section A	100-103, 151, 205-206
		405-2 Ratio of basic salary and remuneration of women to men	BRSR Principle 5	225
	GRI 406: Non-discrimination 2016	3-3 Management of material topics	Materiality Assessment	60-61
		406-1 Incidents of discrimination and corrective actions taken	There were no cases of discrimination and corrective actions taken during the reporting period	-
	GRI 407: Freedom of Association and Collective Bargaining 2016	3-3 Management of material topics	Materiality Assessment	60-61
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		Not Applicable	-	
GRI 408: Child Labor 2016	3-3 Management of material topics	Materiality Assessment	60-61	
	408-1 Operations and suppliers at significant risk for incidents of child labor	BRSR Principle 5	225	
GRI 409: Forced or Compulsory Labor 2016	3-3 Management of material topics	Materiality Assessment	60-61	
	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	BRSR Principle 5	225	
GRI 410: Security Practices 2016	3-3 Management of material topics	Materiality Assessment	60-61	
	410-1 Security personnel trained in human rights policies or procedures	Not Applicable	-	
GRI 411: Rights of Indigenous Peoples 2016	3-3 Management of material topics	Materiality Assessment	60-61	
	411-1 Incidents of violations involving rights of indigenous peoples	There were no incidents of violations involving rights of indigenous peoples in the reporting period	-	



GRI STANDARD	DISCLOSURE	Location	Page number
GRI 413: Local Communities 2016	3-3 Management of material topics	Materiality Assessment	60-61
	413-1 Operations with local community engagement, impact assessments, and development programs	Giving Back to Our Society, Annexure A, BRSR Principle 8	88-95, 123-125, 233-235
	413-2 Operations with significant actual and potential negative impacts on local communities	Owing to the nature of Business no such impacts are identified	-
GRI 414: Supplier Social Assessment 2016	3-3 Management of material topics	Materiality Assessment	60-61
	414-1 New suppliers that were screened using social criteria	Not Applicable	-
	414-2 Negative social impacts in the supply chain and actions taken	Not Applicable	-
GRI 415: Public Policy 2016	3-3 Management of material topics	Materiality Assessment	60-61
	415-1 Political contributions	A Clear Demonstration of Integrity	99
GRI 416: Customer Health and Safety 2016	3-3 Management of material topics	Materiality Assessment	60-61
	416-1 Assessment of the health and safety impacts of product and service categories	Not Applicable	-
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Not Applicable	-
GRI 417: Marketing and Labeling 2016	3-3 Management of material topics	Materiality Assessment	60-61
	417-1 Requirements for product and service information and labeling	Owing to the nature of Business this is not material to the Bank	-
	417-2 Incidents of non-compliance concerning product and service information and labeling	No cases reported	-
	417-3 Incidents of non-compliance concerning marketing communications	No cases reported	-
GRI 418: Customer Privacy 2016	3-3 Management of material topics	Materiality Assessment	60-61
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	BRSR Principle 9	237

FEDERAL BANK

YOUR PERFECT BANKING PARTNER

Registered Office:

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

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The Federal Bank Limited, Regd. Office: Aluva.

CIN: L65191KL1931PLC000368