



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

The Bank also 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.**
- Average net profit of the Company as per sub-section (5) of Section 135: ₹ 2,87,753.49 Lakh
 - Two percent of average net profit of the Company as per sub-section (5) of section 135: ₹ 5,755.069 Lakh
 - Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: Nil
 - Amount required to be set off for the financial year, if any: Nil
 - Total CSR obligation for the financial year [(b)+(c)-(d)]: ₹ 5755.069 Lakhs.
- 6.**
- 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
 - Amount spent in Administrative Overheads: ₹ 5.18 Lakh.
 - Amount spent on Impact Assessment, if applicable: NIL
 - 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
 - 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:

1 Sr. No.	2 Preceding Financial Year	3 Amount transferred to Unspent CSR Account under Section 135 (6)	4 Balance Amount in Unspent CSR Account under Section 135 (6)	5 Amount spent in the reporting Financial Year	6 Amount transferred to a Fund as specified under Schedule VII as per second proviso Section 135(5), if any		7 Amount remaining to be spent in succeeding financial years	8 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

1 Sr. No.	2 Short particulars of the property or asset(s) [including complete address and location of the property]	3 Pin code of the property or asset(s)	4 Date of creation	5 Amount of CSR amount spent	6 Details of entity/Authority/Beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
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.

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

For **M DAMODARAN & ASSOCIATES LLP**

Sd/-

M. Damodaran

Managing Partner

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 Compensation of WTD's/ CEO has been arrived as per the Guidelines on Compensation of Whole-Time Directors / Chief Executive Officers / Material Risk Takers and Control Function staff, issued by the RBI, and hence the increase in managerial remuneration.	- 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

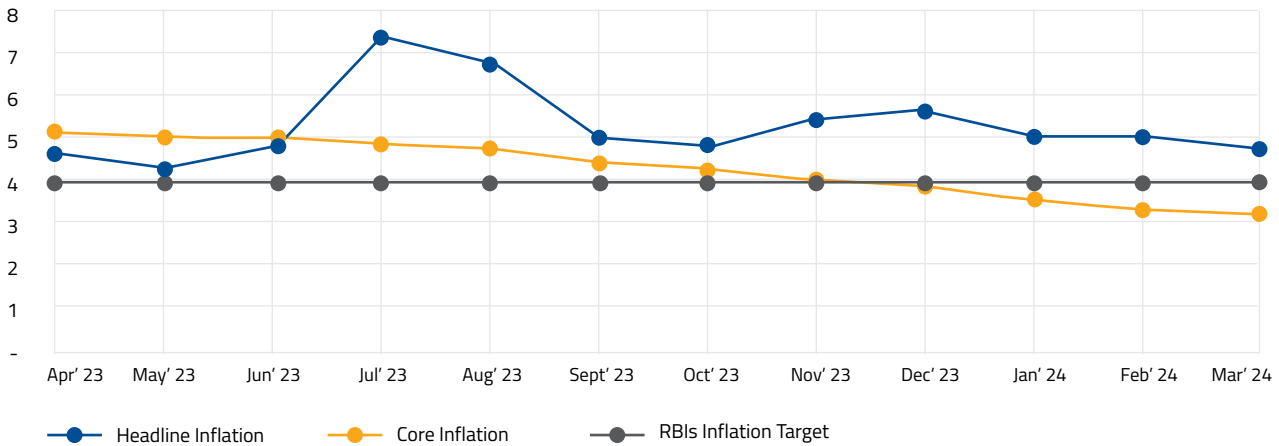
India was considered a 'Bright Spot' in the world economy and a key contributor to global growth by the IMF in their World Economic Outlook for April 2023. With a GDP growth of 8.2% as per provisional estimates by the Ministry of Statistics, India is one of the fastest growing major economies in the 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 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.

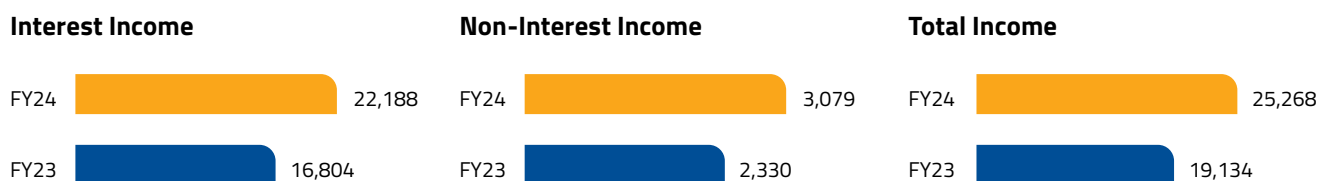
Your Bank's resolve to maintain leadership in technology and digital initiatives was showcased through the launch of National Common Mobility Card (NCMC) wallet debit cards, WhatsApp registrations for Prime Minister's Social Security Schemes (PMJJBY and PMSBY), Flash Pay – the RuPay smart key chain for 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

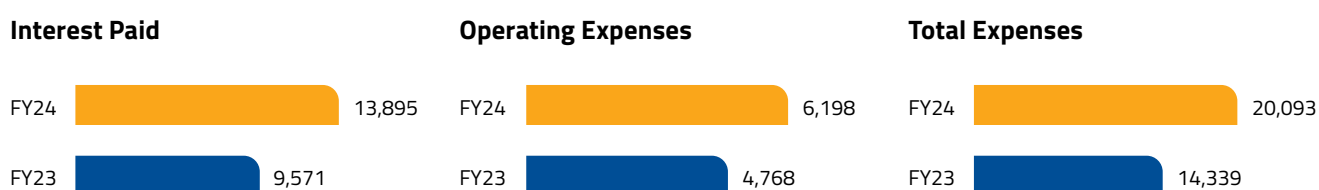
(₹ In Crore)



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)

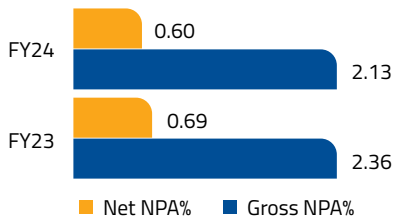
Net Profit	Particular	March 31, 2024	March 31, 2023
		FY24	3,721
	Net Interest Income	8,293	7,232
	Non-Interest Income	3,079	2,330
	Net Total Income	11,373	9,562
	Operating Expenses	6,198	4,768
	Operating Profit	5,174	4,794

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 improvising 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 CSGL segment. Treasury activities are further being augmented by a robust Front Office System which efficiently captures all the front-end dealings of your Bank and has a robust risk management and monitoring capability. 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 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 were 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 field 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 managed 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.

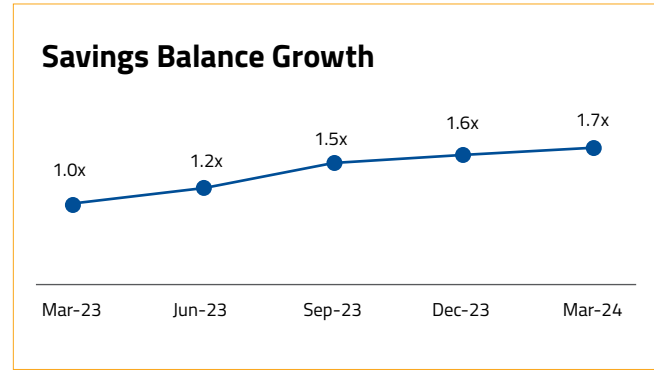
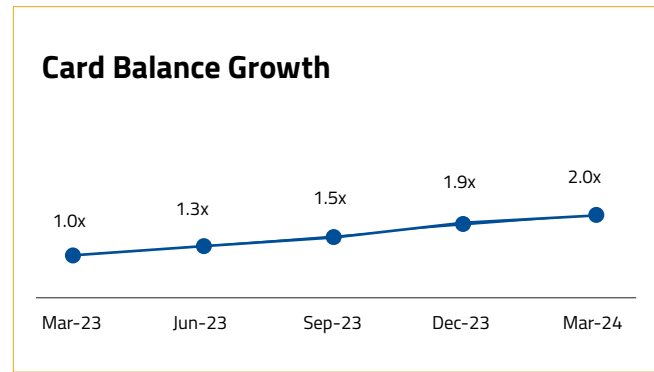
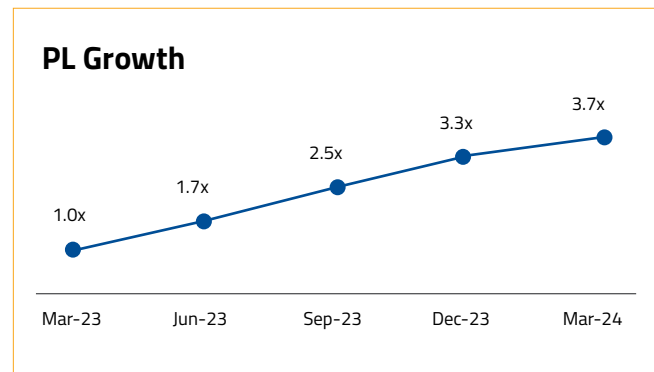
The Bank is working with FinTech Partners in the following four major domains/areas.

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 “Digivridhhi”, 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:

1. 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.
2. Enhanced Collaboration- Deepening partnerships with regulatory agencies, law enforcement bodies, and industry peers to foster a more coordinated and effective response to financial crime.
3. Proactive Risk Management- Anticipating and mitigating emerging risks through robust risk assessment frameworks and proactive monitoring of industry trends and developments.
4. 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.

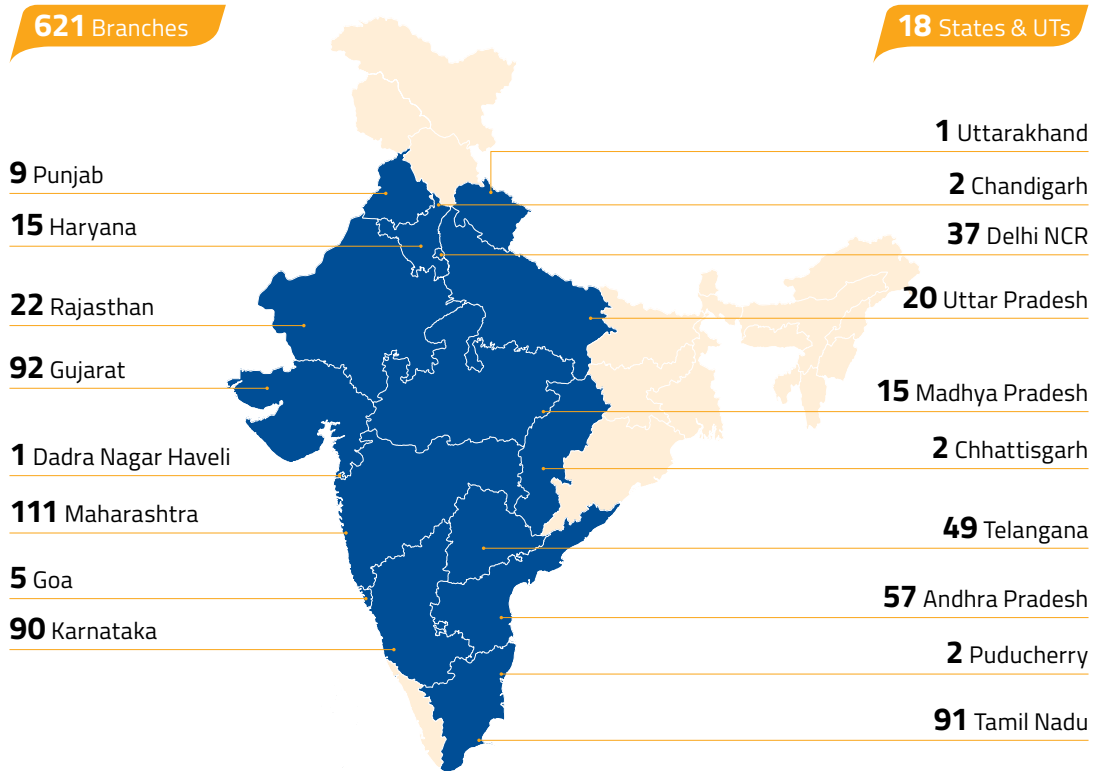


The company has its registered headquarters situated in Mumbai. The company has 621 branches, spread across 18 states and union territories with an employee base of 4,298.

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

Fedfina 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, Fedfina 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 on 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) Zagggle 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

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.

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	Non - Executive Independent Directors	8	73
Mr. Siddhartha Sengupta			
CA Manoj Fadnis			
Mr. Sudarshan Sen			
Ms. Varsha Purandare			
Mr. Sankarshan Basu			
Mr. Ramanand Mundkur			
Mr. Elias George			
Mr. Shyam Srinivasan	Executive Directors	3	27
Ms. Shalini Warriar			
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.

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		Attendance at the last AGM held on August 18, 2023	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			Other Directorships#	Committee Memberships	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 Non-Executive Directors are paid sitting fees as per the provisions of Companies Act, 2013 and as per SEBI Listing Regulations as indicated below:

SI 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.

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	(₹ In Lakh)			
	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,

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:

- Attendance at the Board and Committee meetings
- Study of agenda papers 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 Members.
- Exercises his/her skills and diligence with due and reasonable care and brings an independent judgment to the Board.
- The Director remains abreast of developments affecting the company and external environment in which it operates independent of his being appraised at meetings.
- 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

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.

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

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, retinals, 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.

- 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.

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

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:

- Identify the systemic lacunae if any that facilitated perpetration of the fraud and put in place measures to plug the same.
- Identify the reasons for delay in detection, if any, reporting to top management of the Bank and RBI.
- Monitor progress of CBI/Police investigation and recovery position.
- 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.
- Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls.
- 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

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,

- 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.
- 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 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.



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) **Willful 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	178,250
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

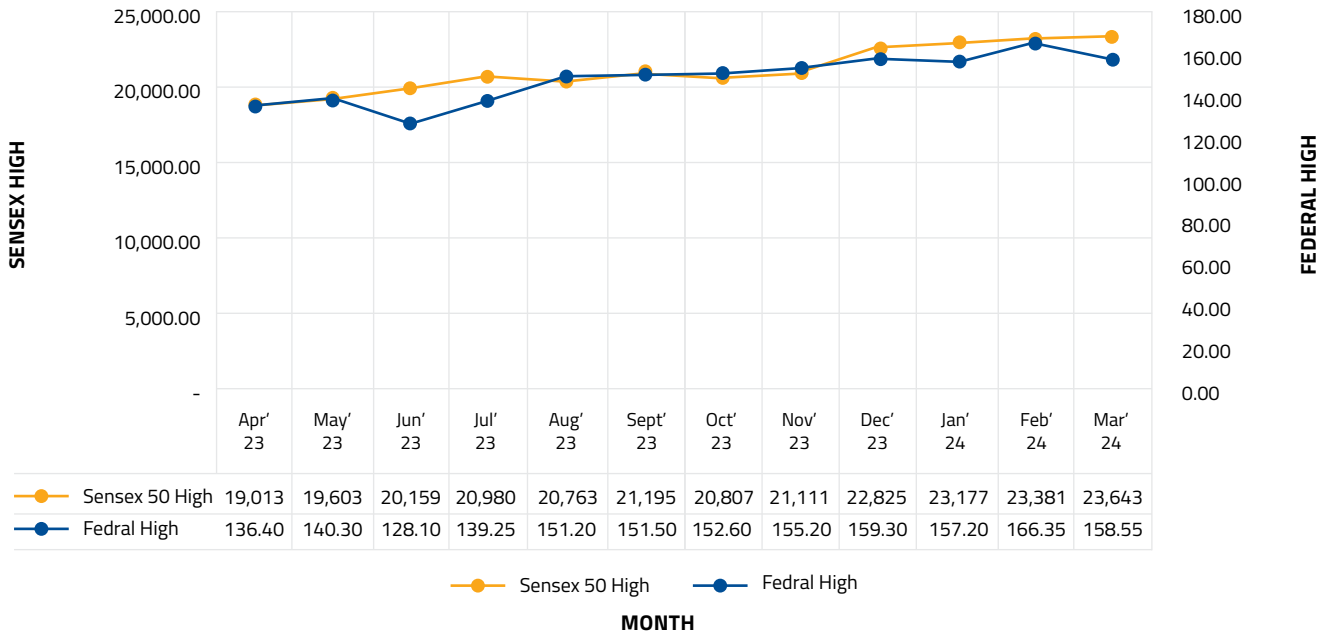
Monthly high and low quotations for each month during the Financial Year 2023-24 at the National Stock Exchange of India Limited and the BSE Ltd., are as follows:

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.

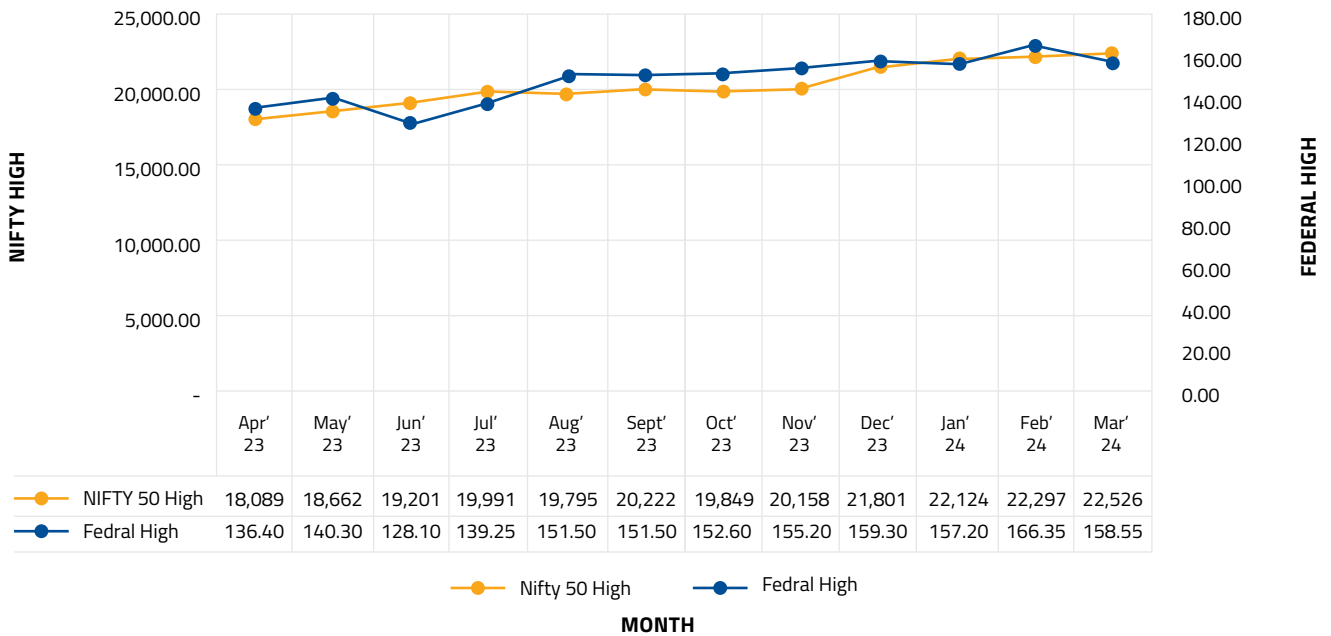
SENSEX HIGH Vs. FEDERAL HIGH



● Sensex 50 High ● Federal High

MONTH

NIFTY HIGH Vs. FEDERAL HIGH



● Nifty 50 High ● Federal High

MONTH



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 Musaliam	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 Jhunjunwala	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:

1. Valid PAN including that of joint shareholders duly linked with Aadhaar
2. Nomination
3. Postal Address with Pin code, Email id and Mobile Number
4. Bank Account details (Bank Name, Branch, Bank Account No, IFSC Code and MICR code)
5. Specimen Signature

The necessary forms for the above request are available on the website of the Bank under Shareholders Information



tab and Registrar and Transfer Agent in <https://www.integratedregistry.in/KYCRegister.aspx> tab.

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.

Sd/-

Shyam Srinivasan

Managing Director & Chief Executive Officer

The Federal Bank Ltd

Place : Aluva

Date : April 01, 2024



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:
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 2. these statements together present a true and fair view of Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or violate of the Bank's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Bank pertaining to financial reporting and have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit committee:
1. significant changes in internal control over financial reporting during the year.
 2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Bank's internal control system over financial reporting.

Place : Aluva

Date : May 02, 2024

Sd/-

Venkatraman Venkateswaran

Chief Financial Officer

Sd/-

Shyam Srinivasan

Managing Director & CEO

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.	<p>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.</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. 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

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements	<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>
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Name: Damodaran C Designation: Chief Risk officer
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes. The Risk Management Committee (RMC) of the Board oversees Environmental, Social and Governance (ESG) aspects in both its own operations and lending operations. 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.



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 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 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. 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.	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		NIL
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	NIL	
Number of complaints received in relation to issues of conflict of interest of KMPs		

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.


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.

- 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.

- 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)						
E-waste						
Hazardous waste						
Other waste						
The Leadership Indicator is Not Applicable considering our nature of operations.						

- 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



- 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.

- 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

- 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

- 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 CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	3866.67	2774.86
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	28076.77	32862.90
Total Scope 1 and Scope 2 emission intensity per crore of turnover (Total Scope 1 and Scope 2 GHG emissions /Revenue from operations)	Metric tonnes of CO ₂ 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 Scope 2 GHG emissions / Revenue from operations adjusted for PPP)	Metric tonnes of CO ₂ 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 CO ₂ 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.

Specify the law / regulation S. No. / 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		
With treatment – please specify level of treatment		Not Applicable
(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 CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	15375.84	18473.83
Total Scope 3 emissions per Crore rupee of turnover	Metric tonnes of CO ₂ 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 CO ₂ 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

- 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

- 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

- 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			FY 2022-23		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	0	--	--	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 )
- Number of instances of data breaches : NIL
 - Percentage of data breaches involving personally identifiable information of customers: NIL
 - 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:

- 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.
- 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.
- 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.
- 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.
- 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.

Assessing 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 185 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 18:34:39
 +05'30'

Nagabhushan B Biliangadi
Lead Assurer

Bengaluru, India
DT: July 30th, 2024

**MUNI
 RAMA
 MOHAN RAO**
 Digitally signed by
 MUNI RAMA
 MOHAN RAO
 Date: 2024.07.30
 17:48:23 +05'30'

Munji Rama Mohan Rao
Technical Reviewer

Hyderabad, India

