23 September 2026

Sub: Extension of Stock Option Exercise Window and Introduction of T+1 Payment Process under Employee Stock Option Scheme (s) (ESOS)

We are pleased to announce certain important changes to the ***"Exercise Window and Payment Process"*** for Stock Options under ESOS. These changes will enable beneficiaries (Stock Option Holders/Nominees) to exercise Stock Options on **all seven days** of the week and complete the related payment through a **T+1 auto-debit mechanism**.

To facilitate the smooth and timely processing of Stock Option exercises, all beneficiaries are requested to carefully note and comply with the following guidelines:

For this purpose, "T" means the calendar date on which the exercise request is submitted, and "T+1" means the immediately succeeding calendar day, including Sundays and public/bank holidays.

1) Extension of Exercise Window

With effect from **October 01, 2026**, beneficiaries may exercise their Stock Options on all **seven days of the week,** including Saturdays, Sundays and public/bank holidays.

Shares are ordinarily expected to be credited to the beneficiary's demat account within 10 trading days from the date on which the Exercise Amount and applicable Perquisite Tax are successfully debited from the designated bank account. The timeline is indicative and may vary depending on receipt of the necessary approvals and completion of depository, stock exchange and other operational processes.

2) Payment Timeline and Auto-Debit Process

It is imperative that the payment relating to the Exercised Stock Options is successfully completed within **One day from the date of exercise (T+1),** including holidays. To facilitate timely processing, the system will attempt to debit the Exercise Amount and applicable Perquisite Tax from the designated Bank account updated on ESOS Online portal through two payment cycles on the T+1 day as stated below. Details of the Exercise Amount and applicable Perquisite Tax will be communicated to the beneficiary through the registered email address by the end of the day on which the Stock Options are exercised (T Day)

- **Payment Cycle 1:** Between **10:00 a.m. and 11:00 a.m.**

➢ All Stock Option exercised on T Day will be considered for debit during Payment Cycle 1 on T+1. Beneficiaries whose accounts could not be successfully debited due to insufficient balance will receive an email intimation before the second payment cycle requesting them to maintain adequate funds.

- **Payment Cycle 2:** Between **3:00 p.m. and 4:00 p.m.**

➢ All exercise requests for which the Exercise Amount and applicable Perquisite Tax could not be successfully debited during Payment Cycle 1 shall be considered for debit during Payment Cycle 2 on T+1. Beneficiaries whose designated bank accounts could not be successfully debited during Payment Cycle 2 due to insufficient balance will receive an email communication notifying them of the auto-debit failure.

For the purpose of this circular, the "Designated Bank Account" refers to the Federal Bank account of the beneficiary updated in the beneficiary's login on ESOS portal.

Following completion of both payment cycles, any exercise request for which the Exercise Amount and applicable Perquisite Tax have not been successfully debited in full shall be automatically reversed by the system on T+1. A confirmation of the reversal will be sent to the beneficiary's registered email address.

Upon reversal of an exercise request, the status of the Stock Options of the beneficiaries will revert to their previous status, that is, vested (where the expiry date has not passed) or lapsed (where the expiry date has already passed). **Beneficiaries are therefore advised to ensure that sufficient balance equivalent to the Exercise Amount and applicable Perquisite Tax is maintained in the designated bank account to enable successful debit as per the above-mentioned payment cycles to avoid the auto-reversal of the exercise request.** It may be noted that Options once lapsed shall be treated as Options that have not been granted and, accordingly, beneficiaries shall have no claim whatsoever on such lapsed Options at a later date.

Beneficiaries exercising Stock Options on or immediately before the expiry date must ensure successful payment on T+1. If the Options expire before completion of the payment and the exercise request is reversed, such Options will lapse and cannot be reinstated.

Note: *The Exercise Amount and applicable Perquisite Tax must be available in full. Partial availability of funds may result in failure of the debit transaction and subsequent reversal of the exercise request.*

For example, if Stock Options are exercised on Monday, payment must be successfully realised on Tuesday. If Stock Options are exercised on Saturday, payment must be successfully realised on Sunday.

3) Updation and Validation of Demat Account Details

A valid and active demat account is essential for processing your exercise. Therefore, beneficiaries are required to accurately update their demat account information (16-digit demat account number) in the ESOS login prior to exercising Stock Options and ensure the

status of the account is active. Any exercise request submitted without a valid and active demat account shall not be processed and shall be reversed. Considering the criticality of this requirement, beneficiaries must ensure that **a valid and active 16-digit demat account held in their own name is updated in ESOS Online before exercising any Stock Option.**

Demat accounts that are invalid, inactive, frozen, suspended for debit or credit transactions, closed, or maintained jointly with another holder shall not be eligible for processing. Any exercise request linked to such demat accounts shall be reversed, and any amount debited towards the Exercise Amount and applicable Perquisite Tax shall be refunded to the designated Bank account, subject to the applicable processing timeline.

The demat account must be held solely in the name of the beneficiary and the PAN associated with the demat account should match the records maintained by the Bank.

The beneficiary shall be solely responsible for the accuracy of the demat account details updated in ESOS Online. The Bank shall not be responsible for delays in allotment of shares under ESOS, or any reversals or lapses arising from incorrect demat details furnished by the beneficiary.

4) Registration and Updation of E-mail ID Address

All communication relating to the exercise of Stock Options will be sent to the registered email address available on ESOS Online. These communications include intimation regarding the balance to be maintained for auto debit, reminder notification specifying the amount required to be maintained in the designated bank account before Payment Cycle 2, pre-reversal notification, confirmation of reversal of exercises due to insufficient funds and intimation regarding allotment and credit of shares to the demat account. Accordingly, all beneficiaries are required to ensure that their email address is correctly updated and maintained in ESOS Online at all times. Failure to maintain an accurate email address may result in the non-receipt of important communications relating to the exercise process.

You can view and modify your email ID under the "Employee Profile Update" section in ESOS Online.

All beneficiaries are advised to take note of the above changes and ensure compliance with the revised process. Requests for extension of the payment timeline, reinstatement of reversed exercise requests, restoration of lapsed Stock Options or waiver of the prescribed process or timelines will not be entertained.

This circular supersedes all previous communications relating to the exercise window and the payment process for the Exercise Amount and applicable Perquisite Tax under ESOS.

Important Note: Considering the above changes in extension of exercise window & T +1 payment processing, the exercise window will not be open on 29/09/2026 & 30/09/2026.

For any clarification regarding the above changes, beneficiaries may contact the Secretarial Department at secretarial@federal.bank.in

Thank you for your continued support.

Warm Regards

Rajanarayanan N

EVP & Chief Human Resources Officer

Samir P Rajdev

EVP & Company Secretary