

Partners:

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CS Ruchira Jharkhandi B.Com, ACS, LLB
CS Revathi K S BSc, ACS
CS Saranya T V B.Com, ACS

Certificate to be submitted by the Practicing Company Secretary

To The Chief General Manager Listing Operation BSE Limited 20 th Floor, P. J. Towers, Dalal Street, Mumbai – 400 001.	To The Chief General Manager Listing Compliance National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051.
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Dear Sir,

Sub: Application for “In-principle approval” prior to issue and allotment of 27,29,74,043 warrants (“Warrants”) on preferential basis under Regulation 28(1) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

1. Background

We, M/s SEP & Associates, Practicing Company Secretaries, have been requested by The Federal Bank Ltd (“**the Company**” / “**the Issuer**”) to issue a certificate regarding the minimum issue price for the proposed issue and allotment of 27,29,74,043 Warrants, each Warrant carrying a right to subscribe to 1 (one) fully paid-up equity share of face value ₹ 2/- each (“**Equity Share**”) on a preferential basis, in accordance with the provisions of Chapter V of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“**SEBI ICDR Regulations**”), as amended, and other applicable laws.

The Equity Shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited and are frequently traded within the meaning of Regulation 164(5) of the SEBI ICDR Regulations.

2. Reliance on Independent Valuation

The Company has obtained an Independent Valuation Report from KPMG Valuation Services LLP (IBBI/RV-E/06/2020/115) (executed by Mahek Vikamsey (IBBI/RV/05/2019/11313), Partner, KPMG Valuation Services LLP) dated 24 October 2025 (“**Valuation Report**”), which determines the value per share for the proposed preferential issue. We have reviewed the Valuation Report and confirm that the methodology adopted for computing the price is consistent with SEBI ICDR Regulations. The Valuation Report has been attached herewith.

3. Scope and Responsibility

We have relied upon the Valuation Report, information and documents provided by the management and publicly available stock exchange data. We have not performed an independent audit or valuation.

4. Opinion

Based on our review, and subject to the shareholders approving the preferential issue at the ensuing Extra- Ordinary General Meeting ("EGM"), we hereby certify that:

- The minimum issue price for the proposed preferential issue based on the pricing formula prescribed under Regulation 164 read with Regulation 166A of Chapter V of SEBI ICDR Regulations has been worked out at Rs. 210.34/- per share.
- Pursuant to Regulation 161(a) of the SEBI ICDR Regulations, the relevant date for determining the minimum issue price is Monday, October 20, 2025. i.e., 30 days prior to the date of the shareholders' meeting in which the proposed preferential issue will be considered, i.e. Wednesday, November 19, 2025.
- The details of the pre-preferential shareholding of the proposed allottee are as follows:

Name of Proposed Allottee	DP ID *	Pre-preferential holding
Asia II Topco XIII Pte. Ltd.	--	-

- The entire pre-preferential shareholding of the allottee is in dematerialised form: **Not Applicable, as the proposed allottee does not hold any pre-preferential shares in the Company.**
- The highest trading volume in respect of the Equity Shares of the Issuer has been recorded during the preceding 90 trading days prior to the relevant date on National Stock Exchange of India Limited.
- The Articles of Association of the Issuer does not provide for a method of determination which results in a floor price higher than that determined under SEBI ICDR Regulations.

This certificate is issued for the purpose of submission to BSE Limited and National Stock Exchange of India Limited for obtaining In-Principle Approval for the preferential issue of Warrants.

For SEP & Associates

Company Secretaries

(Peer Review Certificate No: 6780/2025)

UDIN: F003050G001661927

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SIVAKUMAR
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Date: 2025.10.27
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CS Puzhankara Sivakumar

Managing Partner

M. No: F3050 COP: 2210

Certified True Copy
For The Federal Bank Limited

Samir P Rajdev
Company Secretary

Place: Ernakulam
Date: 27.10.2025

Security Cover

Valuation Report
24 October 2025

**Valuation of equity share warrants of The Federal
Bank Limited**

Valuation Report

KPMG Valuation Services LLP

24 October 2025



KPMG Valuation Services LLP
2nd Floor, Block T2 (B Wing)
Lodha Excelus, Apollo Mills Compound,
N. M. Joshi Marg, Mahalaxmi,
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Strictly private and confidential

To Board of Directors
The Federal Bank Limited
Federal Towers, P O Box No.103,
Aluva, Ernakulam,
Kerala, India 683 101.

24 October 2025

Valuation Report for determination of valuation of the equity share warrants ("Warrants") of The Federal Bank Limited in accordance with Section 62 of the Companies Act and Chapter V of the SEBI (Issue of Capital and disclosure Requirements) Regulations 2018 ("SEBI ICDR").

Dear Madam / Sirs,

We refer to our letter of engagement dated 18 October 2025 between The Federal Bank Limited (referred to as "Bank" or "Client" or "you" or "your") and KPMG Valuation Services LLP ("KPMG" or "we" or "us" or "our") (referred to as the "LOE"), wherein KPMG has been appointed to carry out a valuation of equity share warrants ("Warrants") issued by the Bank for internal evaluation purposes in accordance with Chapter V of the SEBI ICDR read with Rule 21(2)(a)(i) of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019.

BACKGROUND

The Federal Bank Limited was incorporated in 1931 as Travancore Federal Bank Limited and renamed The Federal Bank Limited in 1949. Headquartered in Aluva, Kerala, it is a private sector bank that began as a small local bank serving the needs of the Travancore Province. Today, it is a major commercial bank in India with a large network of branches and ATMs, offering a wide range of retail, corporate, and digital banking services to individuals, businesses, and NRIs.

SCOPE AND PURPOSE OF THIS REPORT

We understand from the Client that they plan to raise funds through issuance of Warrants on preferential basis ("Proposed Transaction").

In this connection, the Client has requested us to render our professional services by way of carrying out valuation of Warrants of the Bank in accordance with Chapter V of the SEBI ICDR with 20 October 2025 being the relevant date as defined in regulation 161 of SEBI ICDR for the purpose of the Proposed Transaction ("Relevant Date") (the "Service") for the consideration of the Board of Directors (including audit committees, if applicable) of the Client in accordance with the applicable Securities and Exchange Board of India ("SEBI"), the relevant stock exchanges', and relevant laws, rules and regulations. To the extent mandatorily required under applicable laws of India, this report maybe produced before the judicial, regulatory or government authorities, stock exchanges, shareholders in connection with the Proposed Transaction.

KPMG Valuation Services LLP, an Indian limited liability partnership and a member firm of KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee

KPMG Valuation Services (a partnership firm with Registration No. 414) converted into Limited Liability partnership with LLP Registration No. AAP-2732, with effect from May 13, 2019

Registered Office:
8th Floor, Tower C, Building
No. 10, DLF Cyber City,
Phase II,
Gurgaon- 122002 India



The scope of our Service is to conduct a valuation of Warrants for the Proposed Transaction. To arrive at the valuation for Proposed Transaction, appropriate minor adjustments/ rounding off has been done in the values arrived by us.

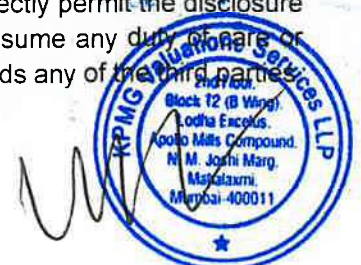
We have considered financial information up to 30 September 2025 and market price data as on 23 October 2025 in our analysis and made adjustments for facts made known to us till the date of our report, including taking into consideration current market parameters, which will have a bearing on the valuation analysis. The management of the Bank ("Management") has informed us that they do not expect any events which are unusual or not in normal course of business up to the effective date of the Proposed Transaction, other than the events specifically mentioned in this report. We have relied on the above while performing the valuation analysis for the Proposed Transaction.

This report dated 24 October 2025 ("Report Date") is our deliverable for the above Proposed Transaction.

This report and the information contained herein is absolutely confidential. The report will be used by the Client only for the purpose, as indicated in the Letter of Engagement for which we have been appointed. The result of our valuation analysis and our report cannot be used or relied by the Client for any other purpose or by any other party for any purpose whatsoever. We are not responsible to any other person/ party for any decision of such person/ party based on this report. Any person/ party intending to provide finance/ invest in the shares/ businesses of the Bank/ subsidiaries/ joint ventures/ associates/ investee company/ group company, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person/ party (other than the Client) chooses to place reliance upon any matters included in the report, they shall do so at their own risk and without recourse to KPMG. It is hereby notified that usage, reproduction, distribution, circulation, copying or otherwise quoting of this report or any part thereof, except for the purpose as set out earlier in this report, without our prior written consent, is not permitted, unless there is a statutory or a regulatory requirement to do so.

The report including, (for the avoidance of doubt) the information contained in it is absolutely confidential and intended only for the sole use and information of the Client. Without limiting the foregoing, we understand that the Client may be required to submit the report to or share the report as per terms agreed in the LOE, in connection with the Proposed Transaction. We hereby give consent to the disclosure of the report to such recipients as permitted under the terms of LOE, subject to the Client ensuring that any such disclosure shall be subject to the condition and understanding that:

- it will be the Client's responsibility to review the report and identify any confidential information that it does not wish to or cannot disclose;
- we owe responsibility to only the Client that have engaged us and nobody else, and to the fullest extent permitted by law;
- we do not owe any duty of care to anyone else other than the Client and accordingly that no one other than the Client is entitled to rely on any part of the report;
- we accept no responsibility or liability towards any third party (including, the recipients as permitted under the terms of LOE) to whom the report may be shared with or disclosed or who may have access to the report pursuant to the disclosure of the report to the recipients as permitted under the terms of LOE. Accordingly, no one other than the Client shall have any recourse to us with respect to the report;
- we shall not under any circumstances have any direct or indirect liability or responsibility to any party engaged by the Client or to whom the Client may disclose or directly or indirectly permit the disclosure of any part of the report and that by allowing such disclosure we do not assume any duty of care or liability, whether in contract, tort, breach of statutory duty or otherwise, towards any of the third parties.



It is clarified that reference to this valuation report in any document and/ or filing with aforementioned tribunal/ judicial/ regulatory authorities/ government authorities/ stock exchanges/ courts/ professional advisors/ merchant bankers, in connection with the Proposed Transaction, shall not be deemed to be an acceptance by us of any responsibility or liability to any person/ party other than the Board of Directors of the Client.

This report is subject to the scope, assumptions, qualifications, exclusions, limitations and disclaimers detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

DISCLOSURE OF INTEREST/ CONFLICT

- KPMG is not affiliated to the Client in any manner whatsoever.
- We do not have financial interest in the Bank which is the subject of this report.
- Valuers' fee is not contingent on an action or event resulting from the analyses, opinions or conclusions in this report.

SOURCES OF INFORMATION

In connection with this exercise, we have used the following information shared with us during the course of the engagement:

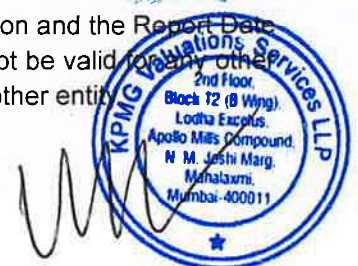
- Historical audited financials of the Bank for FY25 and prior periods as available publicly;
- Limited reviewed unaudited financial statement of the Bank for 6 months period ending 30 September 2025;
- Copy of draft Warrant Investment Agreement pertaining to the Proposed Transaction
- Details of number of outstanding shares on fully diluted basis including Employees Stock Option Scheme (ESOPs) as on the Report Date of the Bank;
- Other relevant information and documents for the purpose of this engagement provided through emails or during discussions;
- Discussion with the Management in connection with their operations and its respective subsidiaries, past and present activities, future plans and prospects, share capital and shareholding of the Bank;
- For our analysis, we have relied on published and secondary sources of data, whether or not made available by the Client. We have not independently verified the accuracy or timeliness of the same; and
- Such other analysis and enquiries, as we considered necessary.

We have also obtained the explanations, information and representations, which we believed were reasonably necessary and relevant for our exercise from the Management. The Client has been provided with the opportunity to review the draft report for this engagement to make sure that factual inaccuracies are avoided in our final report.

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us or our network firms.

This report, its content, and the results herein are specific to the purpose of valuation and the Report Date mentioned in the report and agreed as per the terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.



A valuation of this nature involves consideration of various factors including those impacted by prevailing stock market trends in general and industry trends in particular. This report is issued on the understanding that the Management have drawn our attention to all the matters, which they are aware of concerning the financial position of the Bank and any other matter, which may have an impact on our opinion, on the valuation of the Warrants for the Proposed Transaction as on the Report Date. Events and circumstances may have occurred since 30 September 2025 concerning the financial position of the Bank or any other matter and such events or circumstances might be considered material by the Bank or any third party. We have taken into account, in our valuation analysis, such events and circumstances occurring after 30 September 2025 as disclosed to us by the Bank, to the extent considered appropriate by us based on our professional judgement. Further, we have no responsibility to update the report for any events and circumstances occurring after the date of the report. Our valuation analysis was completed on a date subsequent to 30 September 2025 and accordingly, we have taken into account such valuation parameters and over such period, as we considered appropriate and relevant, up to a date close to our Report Date.

The recommendation rendered in this report only represent our recommendation based upon information received from the Bank till this report is issued and other sources and the said recommendation shall be considered to be in the nature of non-binding advice (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors). You acknowledge and agree that you have the final responsibility for the determination of the consideration at which the Proposed Transaction shall take place and factors other than this report will need to be taken into account in determining the valuation of the Warrants for the Proposed Transaction; these will include your own assessment of the Proposed Transaction and may include the input of other professional advisors.

In the course of the valuation, we were provided with both written and verbal information, including market, financial and operating data. In accordance with the terms of our engagement, we have carried out relevant analyses and evaluations through discussions, calculations and such other means, as may be applicable and available, we have assumed and relied upon, without independently verifying, (i) the accuracy of the information that was publicly available, sourced from subscribed databases and formed a substantial basis for this report and (ii) the accuracy of information made available to us by the Client. While information obtained from the public domain or external sources have not been verified for authenticity, accuracy or completeness, we have obtained information, as far as possible, from sources generally considered to be reliable. We assume no responsibility for such information. Our valuation does not constitute an audit or review in accordance with the auditing standards applicable in India, accounting/ financial/ commercial/ legal/ tax/ environmental due diligence or forensic/ investigation services and does not include verification or validation work. In accordance with the terms of our LOE and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed, certified, carried out a due diligence, or otherwise investigated the historical and projected financial information, if any, provided to us regarding the Bank/ subsidiary/ associates/ joint ventures/ investee company, if any. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the historical financials/ financial statements and projections. The assignment did not involve us to conduct the financial or technical feasibility study. We have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the Bank. Also, with respect to explanations and information sought from the Bank, we have been given to understand by the Bank that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusion is based on the assumptions and information given by/on behalf of the Bank. The Management have indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/ results. Accordingly, we assume no responsibility for any errors in the information furnished by the Bank and their impact on the report.



The report assumes that the Bank complies fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Bank will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this valuation report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited/ unaudited balance sheets of the Bank/ subsidiary/ associates/ joint ventures/ investee company, if any. Our conclusion of value assumes that the assets and liabilities of the Bank reflected in the latest audited or provisional balance sheets remain intact as of the Report Date. No investigation of the Bank's claims to title of assets has been made for the purpose of this report and the Bank's claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature. The valuation analysis and result are governed by concept of materiality.

Our report is not nor should it be construed as our opining or certifying the compliance of the Proposed Transaction with the provisions of any law/ standards including Bank, foreign exchange regulatory, accounting and taxation (including transfer pricing) laws/ standards or as regards any legal, accounting or taxation implications or issues arising from such Proposed Transaction.

Our report is not, nor should it be construed as our recommending the Proposed Transaction or anything consequential thereto/ resulting therefrom. This report does not address the relative merits of the Proposed Transaction as compared with any other alternatives or whether or not such alternatives could be achieved or are available. Any decision by the Bank/ their shareholders/ creditors regarding whether or not to proceed with the Proposed Transaction shall rest solely with them. We express no opinion or recommendation as to how the Board meeting shareholders/ creditors of the Bank should vote at any shareholders'/ creditors' meeting(s) to be held in connection with the Proposed Transaction. This report does not in any manner address, opine on or recommend the prices at which the securities of the Bank could or should transact at following the announcement/ consummation of the Proposed Transaction. Our report and the opinion/ valuation analysis contained herein is not nor should it be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities or as providing management services or carrying out management functions. It is understood that this analysis does not represent a fairness opinion.

While the detailed business plan was not made available to us by the Client, we have been provided with indicative broad future outlook of the Bank. We have been explained by the Management that the said indicative broad future outlook is based on their present expectation of the most likely set of future business events and circumstances. It is usually the case that some events and circumstances do not occur as expected or are not anticipated. Therefore, actual outcome/ results may differ from such indicative broad future outlook and such differences may be material.

We have not conducted or provided an analysis or prepared a model for any individual assets/ liabilities and have wholly relied on information provided by the Bank and as available publicly in that regard.

Neither the report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the Proposed Transaction, without our prior written consent.

This valuation report is subject to the laws of India.

Any discrepancies in any table/ annexure between the total and the sums of the amounts listed are due to rounding-off.

KPMG will owe the responsibility only to Client as per the provisions governed under the engagement letter signed. We will not be liable for any losses, claims, damages, or liabilities arising out of the accountants' omissions or advice given by any other person.



PROCEDURES ADOPTED

In connection with this exercise, we have adopted the following procedures to carry out the valuation:

- Requested and received financial and business information;
- Obtained data available in public domain;
- Undertook high level industry analysis and research based on publicly available market data;
- Discussions (over call/ emails/ conferences) with the Management to understand the business and fundamental factors that could affect its earning-generating capability including strengths, weaknesses, opportunity and threats analysis and historical financial performance;
- Selected internationally accepted valuation methodology/ (ies) as considered appropriate by us, in accordance with the ICAI Valuation Standards and / International Valuation standards published by the International Valuation Standards Council;
- Determined value per share of the Bank based on the selected methodology for the consideration of Board of Directors of Client; and
- For the purpose of arriving at the value per share of the Bank we have considered the valuation base as 'Value' and the premise of value is 'Going Concern Value'. Any change in the valuation base, or the premise could have significant impact on our valuation exercise, and therefore, this report.
- Considered the aforesaid value per share as an input for valuation of Warrants for Proposed Transaction.

SHARE CAPITAL DETAILS OF THE BANK

As at the Report Date, the paid-up equity share capital of the Bank is INR 4,918,997,734 consisting of 2,459,498,867 equity shares of face value of INR 2/- each fully paid up. The shareholding pattern of the Bank is as follows:

Category	No of Shares	% shareholding
Public	2,435,256,459	99.0
Non Promoter-Non Public*	24,242,408	1.0
Total	2,459,498,867	100.0

*Shares underlying depository receipts

Note:

Further, after considering outstanding shares under ESOPs, we have considered 2,507,690,906 equity shares of INR 2/- each on fully diluted basis for the purpose of valuation analysis.

APPROACH AND METHODOLOGY – BASIS OF TRANSACTION

Client proposes to issue Warrants on preferential basis. In this connection, the Client has appointed KPMG to provide valuation of the Warrants of the Bank as per Chapter V of the SEBI ICDR.

BASIS OF VALUE

The report has been prepared on the basis of "Fair Value" as at Report Date. The generally accepted definition of "Fair Value" is the value as applied between a hypothetical willing vendor and a hypothetical willing prudent buyer in an open market and with access to all relevant information.



PREMISE OF VALUE

The report has adopted "Going Concern Value" as the premise of value in the given circumstances. The generally accepted definition of Going concern value is the value of a business enterprise that is expected to continue to operate in the future.

We have carried out the valuation in accordance with the principles laid in the ICAI Valuation Standards/ International Valuation Standards, as applicable, to the purpose and terms of this engagement.

We have valued the Client to arrive at its per share value. The per share value concluded by us is used as an input to determine the valuation of Warrants.

Valuation of Equity Shares

The three main valuation approaches are the market approach, income approach and asset approach. There are several commonly used and accepted methods within the market approach, income approach and asset approach, for determining the value of equity shares of a company, which can be considered in the present valuation exercise, to the extent relevant and applicable, to arrive at the valuation for the purpose of the Proposed Transaction, such as:

- Asset Approach - Net Asset Value (NAV) Method
- Income Approach – Dividend Discount (DDM) Method
- Market Approach - Market Price Method; Comparable Company Multiples (CCM) Method

It should be understood that the valuation of any company or its assets is inherently subjective and is subject to uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Bank. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the Bank, and other factors which generally influence the valuation of Bank and its assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of method of valuation has been arrived at using usual and conventional methods adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

Asset Approach:

Net Asset Value Method: Under the asset approach, the net asset value (NAV) method is considered, which is based on the underlying net assets and liabilities of the bank.

Income Approach:

Income approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalised) amount. The value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

Under Income Approach, for valuation of financial institutions like a bank, Dividend Discount Model (DDM) method is typically used. Under the DDM method, the projected free cash flows—representing the dividends



available to all equity capital providers—are discounted using the cost of equity. This discounting is performed from the perspective of a market participant. The sum of these discounted dividends reflects the total equity value of the business.

The discount rate applied to these dividends should capture the opportunity cost for all shareholders. Specifically, this opportunity cost equates to the expected rate of return that equity investors would require from alternative investments of comparable risk.

Market Approach:

Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.

- **Market Price Method:** Under this method, the value of shares of a company is determined, inter alia as per regulation 164(1) of the SEBI ICDR.
- **Comparable Company Multiples (CCM) Method:** Under this method, one attempts to measure the value of the shares/ business of company by applying the derived market multiple based on market quotations of comparable public/ listed company, in an active market, possessing attributes similar to the business of such company - to the relevant financial parameter of the company/ business (based on past and/ or projected working results) after making adjustments to the derived multiples on account of dissimilarities with the comparable company and the strengths, weaknesses and other factors peculiar to the company being valued. These valuations are based on the principle that such market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.
- **Comparable Transaction Multiples (CTM) Method:** Under this method, value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable transactions. This valuation is based on the principle that transactions taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

The valuation approaches/ methods used for valuation of equity shares, and the values arrived at using such approaches/ methods by us has been placed in Annexure 1 of this Report.

Valuation of Warrants

Monte Carlo Simulation (“MCS”):

MCS uses a Geometric Brownian Motion (“GBM”) function which is applied for the fair valuation of the warrants.

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The formula for GBM is as follows:

$$S_t = S_0 \exp((\mu - \sigma^2 / 2)\Delta t + \sigma \epsilon \sqrt{\Delta t})$$

Where:

S = Equity value

μ = Expected Return

σ = Volatility

t = Time

ϵ = Random Number

A Monte Carlo Simulation is an attempt to predict the future equity values/stock price many times over a period. This is done using the GBM model, which is technically a Markov process and follows a random walk.

The first term is a "drift" and the second term are a "shock". For each time period, model assumes the price will "drift" up by the expected return. But the drift will be added or subtracted by a random shock. The random shock will be the standard deviation multiplied by a random number.

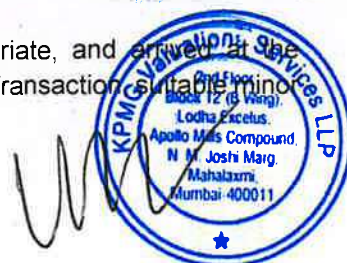
BASIS OF VALUATION

The basis of the Proposed Transaction would have to be determined after taking into consideration all the factors, approaches and methods considered appropriate. Though different values have been arrived at under each of the above approaches/ methods, for the purposes of arriving at value per share of the Bank it is necessary to arrive at a single value for the shares of the bank involved in a transaction such as the Proposed Transaction.

In the ultimate analysis, valuation will have to be arrived at by the exercise of judicious discretion by the valuer and judgments taking into account all the relevant factors. There will always be several factors, e.g. quality of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheet but which will strongly influence the worth of a share. The determination of valuation is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. This concept is also recognized in judicial decisions. There is, therefore, no indisputable single valuation for a company. While we have provided valuation for the Proposed Transaction based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the price of equity shares of the Bank. The final responsibility for the determination of the consideration at which the Proposed Transaction shall take place will be with the Board of Directors of the Bank who should take into account other factors such as their own assessment of the Proposed Transaction and input of other advisors.

The value per share of the Bank has been arrived based on the various applicable approaches/ methods explained herein earlier and various qualitative factors relevant to the Bank including the business dynamics and growth potential of the Bank, having regard to information base, key underlying assumptions and limitations.

We have applied relevant methods discussed above, as considered appropriate, and arrived at the assessment of the value of Warrants. To arrive at the valuation for the Proposed Transaction, suitable minor adjustments/ rounding off have been done in the values arrived at by us.



VALUATION

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined herein above, we provide the following valuation of Equity Shares of the Bank:

Valuation Approach	The Federal Bank Limited	
	Value per Share (INR)	Weight
Income Approach	198.58	0%
Market Approach		
Market Price Method	208.18	100%
Comparable Company Method		
- Price to Earnings	190.09	0%
- Price to Book	196.60	0%
Asset Approach	150.51	0%
Value per Share (Weighted Average)	208.18	100%

Note: Numbers are rounded off to the nearest decimal

Note: Valuation is not an exact science, and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgement. In the current scenario, considering that value per share as per SEBI ICDR is higher as compared to other methods/approaches, we have given 100% weightage to Market Price Method.

Source: Management Inputs, Capital IQ, NSE, KPMG Analysis

We have considered the above per share value as an input for valuation of Warrants for Proposed Transaction. Based on the valuation methodology outlined above, and considering inputs provided by Management (factoring the issue terms of the Warrants) along with relevant market data, the estimated value of the Warrants is INR 210.34 per share.

Our Valuation report is based on the equity share capital structure of Bank as mentioned earlier in this report. Any variation in the equity capital of the Bank may have material impact on the valuation of the Bank and consequently the valuation of the Warrant.

Respectfully submitted,

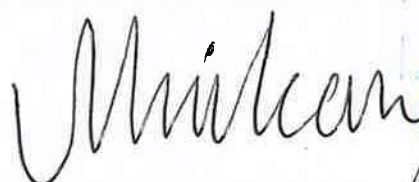
For KPMG Valuation Services LLP

Registered Valuer Entity under Company

(Registered Valuers and Valuation) Rules, 2017

IBBI Registration No. IBBI/RV-E//06/2020/115

Asset class: Securities or Financial Assets




Mahek Vikamsey, Partner

Registered Valuer: IBBI/RV/05/2019/11313

Date: 24 October 2025

ANNEXURE 1- APPROACH TO VALUATION

Valuation of the Bank

a) Income Approach

Given the nature of the business operations, we have applied Dividend Discount Method under the Income Approach to arrive at the value of the Bank.

As informed by the Management, detailed forecast are not disclosed publicly and thus were not made available to us for analysis. Accordingly, we have estimated the future profitability through analysis of historical trends and thirty party analyst reports. Although we have read, analyzed and discussed the projected estimates containing future dividend distribution for the purpose of undertaking a valuation analysis, we have not commented on the achievability of these assumptions / projections for satisfying ourselves to the extent possible that they are consistent with other information provided to us in the course of the assignment. We have assessed and evaluated the reasonableness of the estimates based on procedures such as analyzing industry data, historical performance, expectations of comparable companies, analyst reports etc.

However, we have not given any weightage to the Income Approach considering that the value per share under this approach is lower than the price determined as per SEBI ICDR.

b) Market Approach

In the present case, the shares of the Bank are listed on BSE and NSE and there are regular transactions in its equity shares with reasonable volume. In the circumstances, the share price of the Bank on NSE, being the stock exchange on which the highest trading volume in respect of the equity shares of the Bank has been recorded during the preceding 90 trading days prior to the relevant date, has been considered in terms of regulation 164(1) of SEBI ICDR. Accordingly, higher of the below two methods has been taken for determining the value of the Bank under the market price methodology:

- the volume weighted average price for 90 trading days preceding the Relevant Date,
- the volume weighted average price for 10 trading days preceding the Relevant Date,

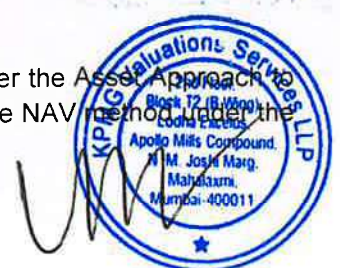
For the present valuation analysis, we have considered it appropriate to apply Market Price method under Market Approach to arrive at the value of the equity shares of the Bank for the purpose of the Proposed Transaction.

Considering the availability of comparable listed peer set in the business carried out by the Bank, we have also applied the Comparable Company Multiples method under the Market Approach to arrive at the per share value.

However, we have not given any weightage to Comparable Company Multiples method under the Market Approach considering that the value per share under this approach is lower than the price determined as per SEBI ICDR.

c) Asset Approach

Given the nature of the business operations, we have applied NAV Method under the Asset Approach to arrive at the value of the Bank. However, we have not given any weightage to the NAV method under the



Asset Approach considering that the value per share under this approach is lower than the price determined as per SEBI ICDR.

As mentioned earlier, the Bank has ESOPs outstanding as at Report Date which will convert into variable number of equity shares upon exercise. As guided by the Management, since all the ESOPs are in the money as on the Report Date, we have considered all issued and outstanding ESOPs for arriving at the fully diluted number of shares of the Bank.



ANNEXURE 2 – CALCULATION OF MARKET PRICE METHOD

Date	Volume	Value
17-Oct-25	9,465,410	2,012,602,615
16-Oct-25	5,674,145	1,220,671,838
15-Oct-25	7,102,306	1,532,282,385
14-Oct-25	13,286,463	2,850,020,299
13-Oct-25	15,174,980	3,214,580,283
10-Oct-25	5,126,420	1,069,745,922
9-Oct-25	13,012,847	2,683,812,583
8-Oct-25	9,371,594	1,891,537,764
7-Oct-25	12,430,510	2,470,418,992
6-Oct-25	5,036,576	973,668,392
3-Oct-25	6,145,378	1,187,200,242
1-Oct-25	5,901,005	1,138,846,650
30-Sep-25	7,294,473	1,403,586,063
29-Sep-25	8,268,524	1,574,083,915
26-Sep-25	3,860,755	740,122,320
25-Sep-25	5,665,259	1,099,129,355
24-Sep-25	2,934,434	572,195,723
23-Sep-25	3,435,579	669,444,341
22-Sep-25	5,221,899	1,023,080,901
19-Sep-25	2,693,450	534,403,957
18-Sep-25	6,394,641	1,273,208,251
17-Sep-25	5,372,024	1,065,483,089
16-Sep-25	3,513,785	690,497,048
15-Sep-25	2,036,783	398,965,280
12-Sep-25	4,795,808	933,737,306
11-Sep-25	4,449,153	875,018,823
10-Sep-25	5,427,537	1,060,592,004
9-Sep-25	3,712,535	709,088,156
8-Sep-25	9,815,612	1,872,589,272
5-Sep-25	4,068,142	773,397,385
4-Sep-25	7,767,020	1,478,435,332
3-Sep-25	8,091,723	1,565,253,970
2-Sep-25	3,069,260	595,186,947
1-Sep-25	4,546,443	877,940,689
29-Aug-25	4,184,028	804,855,617
28-Aug-25	7,746,254	1,485,602,331
26-Aug-25	6,681,812	1,287,372,777
25-Aug-25	6,443,184	1,260,710,573
22-Aug-25	2,466,153	485,950,098
21-Aug-25	6,033,820	1,206,524,661



Date	Volume	Value
20-Aug-25	5,498,900	1,099,843,519
19-Aug-25	5,129,740	1,016,853,439
18-Aug-25	6,237,845	1,223,732,747
14-Aug-25	2,679,922	524,769,612
13-Aug-25	6,992,167	1,374,202,850
12-Aug-25	5,218,014	1,023,529,988
11-Aug-25	8,062,362	1,588,899,827
8-Aug-25	7,038,453	1,392,334,549
7-Aug-25	6,357,907	1,251,412,977
6-Aug-25	7,011,622	1,375,665,623
5-Aug-25	5,819,712	1,138,120,817
4-Aug-25	39,513,112	7,656,442,314
1-Aug-25	10,948,324	2,166,145,605
31-Jul-25	8,617,317	1,750,204,241
30-Jul-25	5,616,031	1,148,963,403
29-Jul-25	10,354,388	2,123,081,699
28-Jul-25	8,456,565	1,757,131,755
25-Jul-25	6,563,450	1,375,281,258
24-Jul-25	6,465,529	1,382,216,550
23-Jul-25	5,401,894	1,148,743,602
22-Jul-25	5,385,123	1,146,422,098
21-Jul-25	4,607,473	974,391,167
18-Jul-25	6,478,635	1,374,504,192
17-Jul-25	5,632,702	1,200,834,175
16-Jul-25	8,125,748	1,737,283,139
15-Jul-25	5,149,486	1,090,841,484
14-Jul-25	5,690,671	1,191,222,470
11-Jul-25	4,009,049	835,133,008
10-Jul-25	3,952,305	837,286,635
9-Jul-25	4,586,061	979,684,052
8-Jul-25	5,404,402	1,156,710,751
7-Jul-25	4,643,396	1,001,348,727
4-Jul-25	5,120,183	1,105,030,479
3-Jul-25	4,618,576	1,001,881,337
2-Jul-25	11,463,228	2,490,956,217
1-Jul-25	16,637,063	3,603,090,762
30-Jun-25	13,990,271	2,978,972,628
27-Jun-25	31,963,885	6,668,152,604
26-Jun-25	12,688,408	2,646,641,246
25-Jun-25	8,025,612	1,690,895,901
24-Jun-25	4,740,437	989,819,731
23-Jun-25	3,500,913	724,928,478
20-Jun-25	9,350,809	1,929,669,158
19-Jun-25	10,671,945	2,198,001,664
18-Jun-25	7,999,769	1,652,583,586
17-Jun-25	9,087,952	1,861,934,409
16-Jun-25	3,650,155	746,397,651
13-Jun-25	3,620,233	741,911,019
12-Jun-25	4,136,067	855,272,082
11-Jun-25	8,873,836	1,857,553,490

Particulars	Volume	Value	Value per share
90 trading days VWAP	655,505,371	133,348,774,866	203.43
10 trading days VWAP	95,681,251	19,919,341,073	208.18
Higher of 10 trading days and 90 trading days			208.18

