

Terms and Conditions of Equity Shares of The Federal Bank limited

Sl.No	Criteria	Terms of common shares of the Federal Bank Limited
1.	Voting Shares	Equity shares of The Federal Bank Limited have voting shares
2.	Limit on voting rights	Limits on voting rights, if any, are applicable as per provisions of the Banking Regulation Act,1959
3.	Position in subordination hierarchy	The equity shares represent the most subordinated claim at the time of liquidation of the Bank. The paid up amount is neither secured nor covered by a guarantee of the issuer. Not subject to any other arrangement that legally or economically enhances the seniority of the claim.
4.	Claim on residual assets	Entitled to a claim on the residual assets, which is proportional to its share of paid up capital, after all other claims as required under law have been repaid in the event of liquidation.
5.	Perpetuity	Principal is perpetual and never repaid otherwise than at the time of liquidation(Except discretionary re- purchases/ buybacks or other means of effectively reducing capital in a discretionary manner that is allowable under relevant law as well as guidelines ,if any issued by RBI in the manner). The Bank does nothing to create an expectation at issuance that the instrument would be bought back, redeemed or cancelled nor do the statutory or contractual terms provide any feature which might give rights to such an expectation.
6.	Distributions	Distributions are paid out of distributable terms. The level of distributions is not in any way tied or linked to the amount paid up at issuance and is not subject to a contractual cap(Except to the extent that a Bank is unable to pay distributions that exceed the level of distributable items. There are no circumstances under which the distributions are obligatory. Non payment is therefore not an event of default. Distributions are paid only after all legal and contractual obligations have been met and payments on more senior capital instruments have been made.
7.	Loss absorption	It is the paid up capital that takes the first and proportionately greatest share of any losses as they occur. Within the highest quality capital, each instrument absorbs losses on a going concern basis proportionately and pari-passu with all the others.
8.	Accounting classification	The paid up amount is mentioned as Equity capital .It is clearly disclosed in the Banks balance sheet.
9.	Directly issued and paid up	Shares are directly issued and paid up. The Bank cannot directly or indirectly fund the purchase of its own common shares.
10.	Approval for issuance	Paid up capital is only issued with the approval of the owners of the Bank either given directly by the owners or, if permitted by applicable law, given by the Board of Directors or by other persons duly authorised by the owners.