



digitall

GROWTH FOR ALL
ALL FOR GROWTH

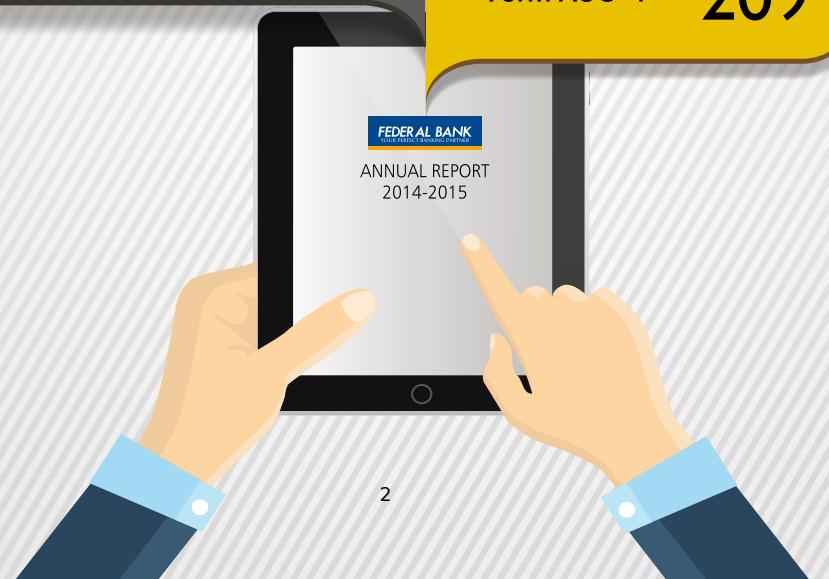
ANNUAL REPORT 2014-2015

Safe Harbour

Safe Harbour This document contains certain forward-looking statements based on current expectations of The Federal Bank Limited management. Actual results may vary significantly from the forward-looking statements contained in this document due to various risks and political conditions in India and outside India, volatility in interest rates and in the securities market, new regulations and Government policies that may impact the businesses of The Federal Bank Limited as well as its ability to implement the strategy. The Federal Bank Limited does not undertake to update these statements. This documents does not constitute an offer or recommendation to buy or sell any securities of The Federal Bank Limited or any of its subsidiaries and associate companies. This document also does not constitute an offer or recommendation to buy or sell any financial products offered by The Federal Bank Limited. Figures for the previous year have been regrouped wherever necessary to conform to current year's presentation.

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DIGITAL & INCLUSIVE GROWTH: OUR MANTRA

In almost every sphere of business today, we can find the imprints of digital technology. Banking is also no exception. Digitally transforming the world of banking for the better in more ways imaginable, making customers happier in the process.

A forerunner in digital banking, Federal Bank has always believed in fostering customer relationships by providing them cutting-edge banking solutions digitally. By digitalizing the various operations of banking, we ensure the growth of both our customers and our organization at the same time.

In addition to going digital, Federal Bank continues to give priority to inclusive growth covering all sections of society. Extending banking services to customers irrespective of reach and class, we strive for the all-inclusive development of our customer base.

Our commitment to wholeheartedly embrace the digital technology continued throughout the past year to reach new heights. This year's annual report cover is a reflection of the changing times and the ways in which our digital revolution is transforming the whole process of banking. In the following pages, we give you a peep into how digital became our mantra for all-encompassing growth. Setting us ready for new challenges in the future...

ABOUT — THE — BANK

Who we are:

The Bank was incorporated on April 23, 1931 as the **Travancore Federal Bank Limited Nedumpram** under the Travancore Companies Regulation, 1916. Late K. P. Hormis, the visionary banker and founder took up the reigns in 1945 and built the bank a nationwide institution. The Bank's name was changed to **The Federal Bank Limited** on December 2, 1949. The Bank was licensed under the Banking Regulation Act, 1949, on July 11, 1959 and became a scheduled commercial bank under the Second Schedule of Reserve Bank of India Act, 1934 in July 20, 1970. Today we are present in 25 States and 5 Union Territories and the bank is listed in Bombay, Cochin, National and London Stock Exchanges.

OUR VISION

To be the **Most Admired Bank** by all stakeholders

OUR MISSION

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

Shareholders: Achieve a consistent annual post-tax return of 18% on net worth.

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

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

 **1,247** Branches (March, 31, 2015)

 **1,485** ATMs (March 31, 2015)

 **10,981** Team (March 31, 2015)

PERFORMANCE DASHBOARD

Volume growth

AGRI Advances grew from ₹ 5139 Cr to ₹ 6312 Cr (Up by 22.83%)

Priority Sector Advances grew from ₹ 16,141 Cr to ₹ 20,870 Cr (Up by 29.30%)

NRI Deposits grew from ₹ 20663 Cr to ₹ 25936 Cr (Up by 25.52%)

SME Advances grew from ₹ 11,021 Cr to ₹ 12,918 Cr (Up by 17.21%)

CASA Deposits grew from ₹ 18401 Cr to ₹ 21550 Cr (Up by 17.11%)

Home Loans grew from ₹ 5929 Cr to ₹ 6852 Cr (Up by 15.57%)

Retail Advances grew from ₹ 14,124 Cr to ₹ 16,135 Cr (Up by 14.24%)

Income growth

Total Income grew from ₹ 7639.92 Cr to ₹ 8297.77 Cr (Up by 8.61%)

Net Interest Income grew from ₹ 2228.61 Cr to ₹ 2380.41 Cr (Up by 6.81%)

Other Income grew from ₹ 693.85 Cr to ₹ 878.31 Cr (Up by 26.58%)

Key Ratios

Earnings Per Share
₹ 11.75

CRAR Under BASEL-III
15.46%

Return on Equity
13.77 %

Return on Assets
1.32%

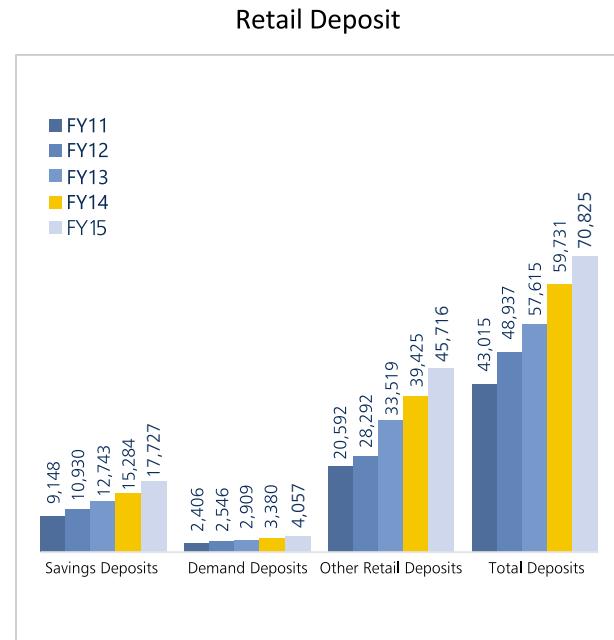
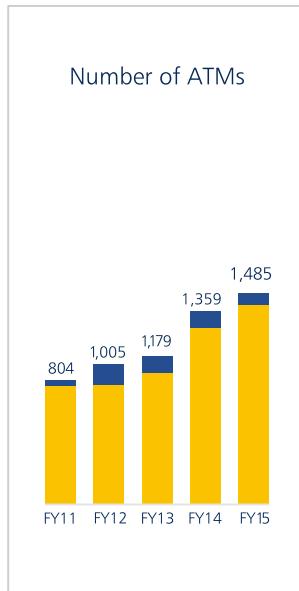
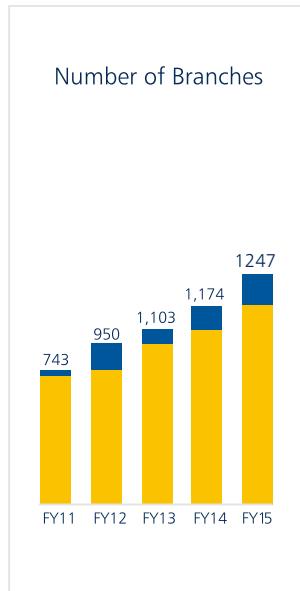
Provision Coverage Ratio
83.94%

Net NPA
0.73%

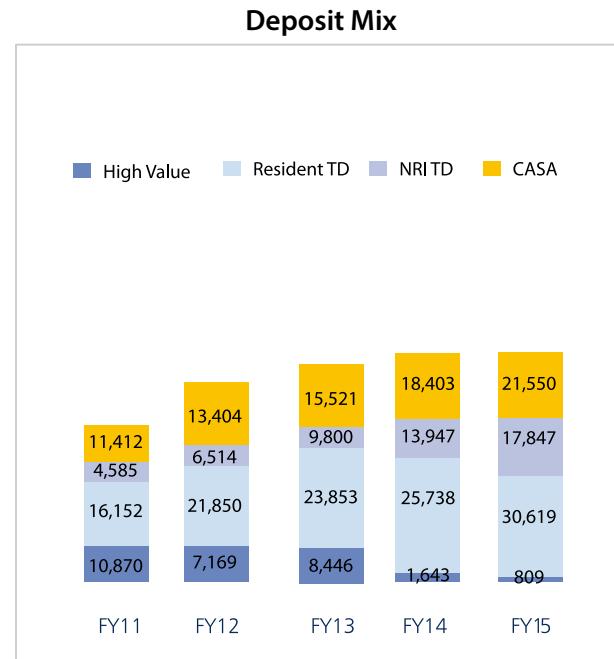
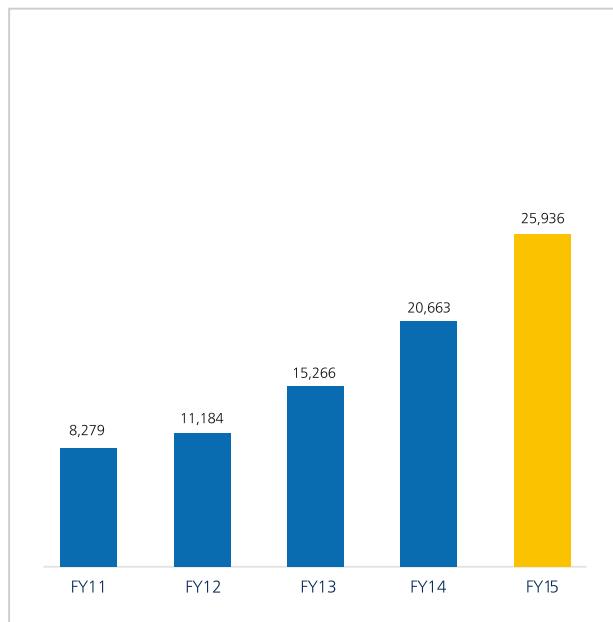


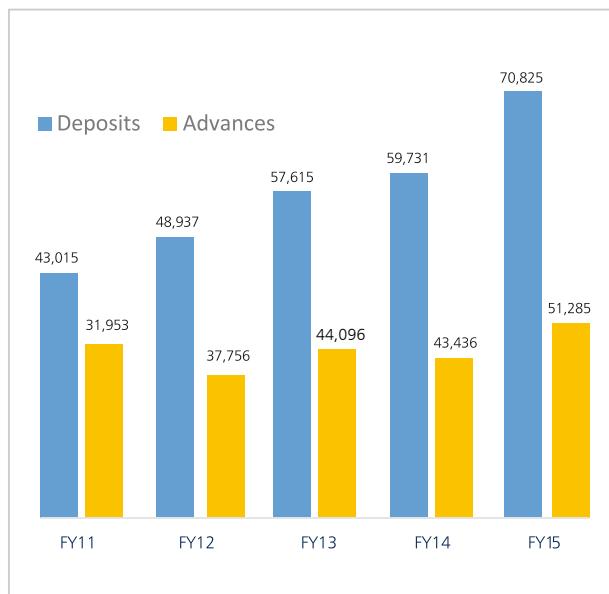
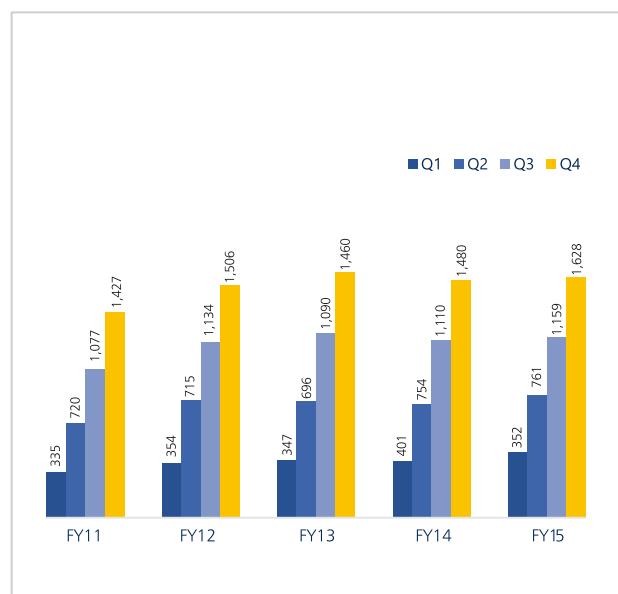
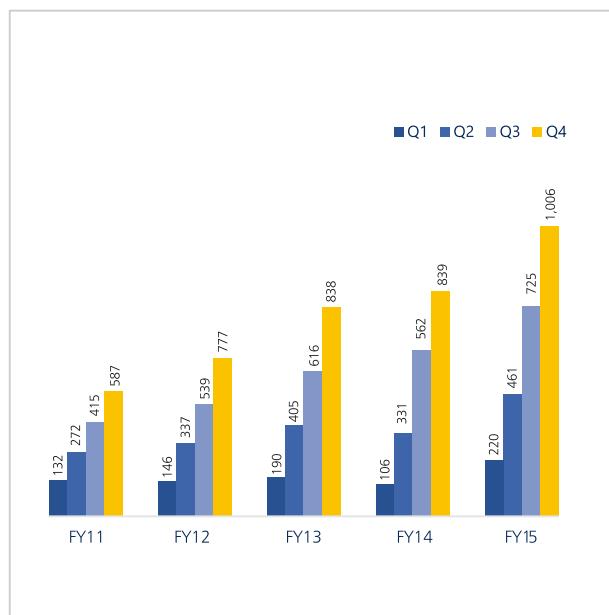
Performance Dashboard

Footprint expansion



NR Deposits



**Business****Operating Profit****Net Profit****Asset Quality**



CA Nilesh Shivji Vikamsey

MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

Every year brings with it a mixed bag of opportunities and challenges. 2014-15 was no different in that regard. But, what made the last financial year truly special for us at Federal Bank was the way in which we resolutely harnessed our energies and resources to script a resounding success story. It was not a leap year according to calendar, but it was most certainly a 'leap' year for us in terms of profit and growth. So, I have the utmost pride and joy to present before you the annual report of Federal Bank for the year ended March 31, 2015.

The Indian economy in 2014-15 has shown a beginning towards improved economic outlook on the back of controlled inflation, decline in oil prices and initiation of long pending reforms among others. The macro economic situation in India has shown signs of improvement during the year.

When you look at the banking sector specifically, it presents a picture of contrasts. The Yin and Yang of challenges and opportunities stare at us at every twist and turn of our journey. Either you can get submerged by the waves of change or you can ride the crest of change and go places. At Federal Bank, we've opted for the latter. Our determination to trim our sails according to the wind is showing encouraging results at all levels. It is immensely gratifying to note that on many key performance parameters such as profitability, EPS, dividend and the number of branches, your bank could post impressive results.



The Bank posted its highest ever Operating Profit and Net Profit, the latter breaching the ₹ 1000 Cr landmark for the first time in history. The bank continued to improve its Asset Quality in FY15.

The Net Worth of the Bank increased to ₹ 7738.13 Cr as on 31.3.2015. The Capital Adequacy Ratio (CRAR) of the Bank, computed as per Basel III guidelines, stands at a comfortable level of 15.46 % as on 31st March 2015. The Bank continued to expand its footprint and added 73 branches and 126 ATMs during the year to take the tally to 1247 branches and 1485 ATMs as on 31st March 2015.

When we look out ahead in the banking industry in India, a different and exciting picture emerges. Indians are embracing mobile banking, internet banking and a range of consumer-friendly technology in a big way. Many people will want to do those day-to-day transactions from the palm of their hands because it's far faster than taking time out of their busy lives to visit a branch.

**The Yin and Yang of challenges
and opportunities stare at us at
every twist and turn of our journey.
Either you can get submerged by
the waves of change or you can ride
the crest of change and go places.
At Federal Bank, we've opted for the
latter.**

Along with this digital leap, the other equally revolutionary development that is fast transforming the banking landscape is the unprecedented emphasis on Inclusive Banking. At Federal Bank, we view both these developments as hugely positive and have started devising our strategies accordingly.

To believe we can continue as an industry on the basis of a 10 am to 5pm working day is archaic. Technology and consumer behav-

iour are constantly changing and as an organisation which prides itself on digital innovation, we feel very strongly about opening up our channels to suit all lifestyles. The age of the pen and letter is still very much alive, but we need to understand that society is diverse, not least technologically. Millions of people who have become sophisticated digital users now expect the same convenience, speed and functionality from their bank – with the same level of security they would get from a brick and mortar branch. Your bank is continuously scanning the ever widening universe of digital technology to come up with products and services that'll keep us relevant.

On the subject of Inclusive Banking, enough talk has already happened. Now the time has come to walk the talk. A revolution is sweeping the country in the way millions choose to manage their finances. Your bank doesn't want to look at the challenge of inclusive banking a regulatory issue. Rather, we'll want to convert it as a strategic business opportunity. We firmly believe that with the right mix of customization and localization, our mission to reach out to the hinterland of India will yield us rich dividends. Last year alone, your bank opened 46 new branches in rural India. We have prepared an ambitious blueprint to make our presence felt in rural India in a substantial manner, offering our rich bouquet of products and services to the unbanked millions living in there.

On behalf of the board of directors, I wish to express my sincere gratitude to all the shareholders of the bank. Your support, patronage and encouragement instilled in us the drive and energy to keep the flag of excellence flying high. I assure you that your bank will continue to reset the benchmark for growth and performance year after year. I also wish to place on record my gratitude to all the regulators and authorities, as well as our valuable customers. Last, but not the least, I wish to thank our committed team of Federals who are leaving no stone unturned to implement the vision and roadmap that we're chalking out for our bank.

On a personal note, I am starting an exciting new voyage as the Chairman of Federal Bank. I know that my responsibilities are immense and at this juncture I wish to seek the support and patronage of each one of you. Together, we'll chart this fine organization to vast new horizons of growth and consolidation.





Shri. Shyam Srinivasan

MESSAGE FROM THE **MANAGING DIRECTOR & CEO**

Dear Shareholders,

I am happy to present to you our results for the financial year 2014 – 15. It is a matter of pride for all of us that 2014-15 was a landmark year with your bank posting its highest ever operating profit and net profit, delivering excellent performance in all the key parameters, despite a very challenging environment.

In the year 2014-15, the Indian economy continued to show signs of turning the corner. Growth picked up in 2014, inflation declined, and the external position was better compared to the previous financial year. The government underscored its intention to move steadily to tackle politically difficult structural issues that have stalled investment and limited economic performance in recent years. Despite the sprouting of green shoots, a robust recovery is beginning to take hold and also private investment is showing signs of picking up.

Banking, today, is about connecting people to their money more quickly, accurately and efficiently than ever before. As banks begin to place their focus more firmly on what customers want from the online and mobile platform, banking will evolve a very different business model from what exists today. The banks that become the early adopters of this new technology will undoubtedly be best positioned to lead the industry forward. At Federal Bank, we are exploring the digital frontier in full vigour and have already developed an impressive portfolio of online/digital products. We have made our presence felt in Internet Banking and Mobile Banking. Our rich bouquet of online services includes





Online Healthcare Portal, Online Religious Offering, Scan n Pay, Easy Utility Bill Payments and Tax payment through FedNet. What we strive to do at Federal Bank, is to provide a seamless customer experience- be it in the traditional branch banking model or the new digital mode.

Your bank is constantly pushing the envelope on the digital front and recently joined hands with M/s MobME wireless, and Startup Village to launch India's first focused FinTech Accelerator Programme, a unique programme that aims at speeding up technological innovations in the financial sector space.

In the world of banking, tectonic shifts are taking place. Powerful forces are reshaping the banking industry, creating an imperative for change. Banks need to choose what posture they want to adopt - to lead the change, to follow fast, or to manage for the present. At Federal Bank, we always believed in leading the change. Our continuous efforts to decode the profound societal

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changes happening around us and to provide a bevy of products and services to meet the changing needs of a changing India have yielded impressive results. Let me share with you an overview of last year's financials.

- The bank's net profit breached ₹ 1000 Cr landmark for the first time in history. Net profit grew from 20% yoy from ₹ 838. 89 Cr in FY14 to ₹ 1005.75 Cr in FY 15**

- Operating profit grew 9.96% ₹1480.39 Cr in FY 14 to ₹1627.79 Cr in FY 15. Other income grew 26.58% from ₹693.85 Cr as on 31.03.2014 to ₹ 878.31 Cr as on 31.03.2015.
- The Earning per Share (annualized) and Book Value per share for the year ended FY15 increased to ₹ 11.75 and ₹ 90.33 as against ₹ 9.81 and ₹ 80.36 in FY14.
- The Bank continued to expand its footprint and added 73 branches and 126 ATMs during the year to take the tally to 1247 branches and 1485 ATMs as on 31st March 2015. The Bank also has its Representative Office at Abudhabhi, UAE.

We know that the government of India is firmly pursuing the agenda of inclusive growth with a slew of new decisive initiatives. Your bank is also determined to play its rightful role in this exciting new narrative of growth. Towards this, Federal Bank recently tied up with New India Assurance Co. Ltd for the implementation of Pradhan Mantri Suraksha Bima Yojana. On its own, the Bank is breaking new ground in inclusive banking by providing financial literacy to the under privileged and through innovations like Branchless banking through Business Correspondents (BCs), FED-JYOTHI - ICT based FI solution and Financial Inclusion Branches – Grama Jeewan branch

Last year also saw us bagging a few prestigious awards and recognitions. The most significant among them was "the best small sized bank" award that we received from Businessworld - Price Waterhouse Coopers combine. They chose Federal Bank as the Best Bank among Small Banks in India in its Best Bank Survey, 2014. Over the years, your bank has expanded its book, beefed up assets, cut non-performing assets (NPA), tapped new revenue streams, widened its geographical reach and augmented its technology to stay ahead of the competition. These traits helped it to bag the 'Best Small-sized Bank' distinction in the BW - PwC Best Banks Survey, 2014.

Apart from this, the Bank has also bagged a few other important accolades last year. Your bank won the Banking Frontier's Finnoviti Award 2015 for its innovative product Scan n Pay. As a result of your bank's commitment to inclusive growth, the Bank bagged the CNBC Award for financial inclusion last year. The Bank also won GreenTech HR Award 2014, Finacle Client Innovation Award and MasterCard Innovation Award.

I take this opportunity to thank our Board and in particular the outgoing Chairman Prof. Abraham Koshy for their valuable insights and continued support. As we forge ahead, with the buzzwords digital' and 'inclusion' resonating deep within and taking confident strides into the future, let me thank you for your unstinting support. Your patronage keeps us motivated and focused. I remain "Proud to be a Federal."





BOARD OF DIRECTORS



Standing from left to right:

Shri. Dilip Gena Sadarangani, Shri. Harish H Engineer, CA Nilesh Shivji Vikamsey, Shri. Sudhir Moreshwar Joshi

Sitting from Left to right:

Smt. Grace Elizabeth Koshie, Shri. Shyam Srinivasan,

Prof. Abraham Koshy, Shri. K. M. Chandrasekhar, Smt. Shubhalakshmi Panse



MANAGEMENT TEAM



ASHUTOSH KHAJURIA



VARGHESE K I



MOHANACHANDRAN K R



SAMPATH D



JOSE V JOSEPH



MADHAVAKUMAR V R



THAMPY KURIAN



PRADOSH KUMAR
MOHAPATRA



ANTU JOSEPH



JOSE K MATHEW







DIGITAL IS ALL ABOUT REACH



Digitalization, as a whole, has changed the world for the better. With its faster means of operation, the digital technology drives organizations to reach their optimal efficiency in terms of performance. In banking, digitalization has enabled faster services that in turn have ensured enhanced customer delight at all levels. Exactly why, we at Federal Bank have embraced the digitalization enthusiastically in our diverse fields of processes. We believe that fast growth is dependent on faster services. And going fast means only one thing to us. Digitalization.





DIRECTORS' REPORT

Your Board of Directors has immense pleasure in presenting this 84th Annual Report of The Federal Bank Limited, along with the audited financial statements for the year ended March 31, 2015.

Financial Results

Financial Parameters for the year ended	31 March 2015	31 March 2014	Amount (₹ in Crore)
Net Interest Income	2,380.41	2,228.61	
Fee and Other Income	878.31	693.85	
Net Revenue	3,258.72	2,922.46	
Operating Expense	1,630.93	1,442.07	
Operating Profit	1,627.79	1,480.39	
Net Profit	1,005.75	838.89	
Profit brought forward	787.36	516.38	
Total Profit Available for appropriation	1,793.11	1,355.27	
Appropriations:			
Transfer to Statutory Reserves	251.66	209.73	
Transfer to Revenue Reserves	109.87	103.07	
Transfer to Capital Reserves	28.76	17.95	
Transfer to Investment Reserve	46.28	-	
Transfer to Special Reserves	35.00	38.23	
Proposed Dividend	188.49	171.06	
Provision for Dividend Tax	38.37	27.87	
Depreciation on Expired assets	2.31	-	
Balance Carried over to Balance Sheet	1,092.37	787.36	
Financial Position (as on)			
Deposits	70,824.99	59,731.28	
Advances	51,284.99	43,436.10	
Total Business (Deposits + Advances)	1,22,109.98	1,03,167.38	
Other Borrowings	2,308.24	5,687.96	
Investments	24,409.19	24,117.85	
Total Assets (Balance Sheet Size)	82,850.48	74,594.15	
Equity Capital	171.33	171.06	
Ratios			
Return on Total Assets (%)	1.32	1.20	
Return on Equity (%)	13.77	12.80	
Earnings Per Share (Rs)	11.75	9.81	
Book value per share (Rs)	90.33	80.36	
Operating cost to Income (%)	50.05	49.34	
Capital Adequacy Ratio (%) Basel (III)	15.46	15.14	





Highlights of Performance Growth in Business

Total business of your Bank reached ₹ 122109.98 Cr as on 31 Mar 2015. Total deposits increased by 18.57% from ₹ 59731.28 Cr in FY'14 to ₹ 70824.99 Cr in FY'15. The total advances of your Bank stood at ₹ 51284.99 Cr at the end of the year.

Average deposit portfolio of the bank had grown by 11.43% to reach ₹ 63342.04 Cr and average advance portfolio had grown by 11.42% to reach ₹ 46689.24 Cr.

NRE deposits led the path showing a growth rate of 27.71%, an increase from ₹ 18973.56 Cr to ₹ 24230.90 Cr and Retail deposits followed the suit by growing @ 17.86 % from ₹ 57269.57 Cr to ₹ 67499.05 Cr. CASA deposits also displayed a growth of 17.11% to reach, ₹ 21549.57 Cr from ₹ 18400.79 Cr.

The Savings deposits of the Bank has touched to 17726.91 Cr by growing 15.98% over that of the previous fiscal of ₹ 15284.26 Cr.

The investment portfolio of the Bank registered a growth of 1.21% to reach ₹ 24409.19 Cr from ₹ 24117.85Cr in the previous fiscal. The average investments on Y-o-Y registered a growth of 4.23% basis as compared to the previous fiscal year.

Net Profit

During the year ended March 31, 2015, your Bank clocked a net profit of ₹ 1005.75 Cr.

As a result of refinement in asset quality, the Bank could rein in the total provisioning to ₹ 622.04 Cr. This was mainly aided by a reduced loan loss provisioning of ₹ 204.35 Cr (even at a provision coverage ratio of 83.94%). An amount of ₹ 515.29 Cr was earmarked for taxes.

Return on Average Equity and Return on Average Total Assets stood at 13.77 % and 1.32 % respectively.

Earnings per Share (face value of Rs 2 each) of the Bank, as on 31st Mar 2015 was ₹ 11.75 comparable to ₹ 9. 81 in the previous year. Book value per share has increased from Rs 80.36 in FY 14 to ₹ 90.33 during FY 15.

Operating Profit

The Operating Profit of your Bank had grown as compared to previous year to reach ₹ 1627.79 Cr

The Net Interest Margin of the Bank for the year stood at 3.27 %, despite the interest rate volatility. Net Interest Income of the Bank for the period increased to ₹ 2380.41 Cr from ₹ 2228.61 Cr. During the financial year ended 31st March 2015, the total non-interest income of the Bank grew to ₹ 878.31 Cr.

Expenditure

The fiscal year ended 2015 witnessed an increase in the total expenses of the Bank which reached Rs 6669.98 Cr from ₹ 6159.53 Cr, an increase of 8.29%. Interest expenses increased to ₹ 5039.05 Cr in FY 15 from ₹ 4717.46 Cr in FY 14. Operating Expenses of the Bank during the fiscal year grew from Rs1442.07 Cr to ₹ 1630.93 Cr. This is mainly due to increase in salary & allowances, expenses related to branches expansion etc.

The cost of deposits of the bank has come down during the year. The cost of deposits is 7.31% as compared to 7.40% in the previous year. Average Cost of all funds (Deposits + Borrowings + Bonds) recorded a marginal decrease and reached 7.44 % from 7.56 %. The Interest expenses as percentage to total income stood at 60.73 %. The Cost to Income ratio of the Bank stands at 50.05 % (49.34 % in FY 2014)

In the current fiscal, the CASA to Total deposits of the Bank decreased marginally from 30.81% in FY14 to 30.43% in FY15. However, the deposit mix resulted in higher interest expense of ₹ 5039.05 Cr, an increase of 6.82% over previous year.

Income

Total income of the Bank during the fiscal year 2015 recorded 8.61 % growth to reach ₹ 8297.77 Cr from the previous fiscal year figure of ₹ 7639.92 Cr. The interest income component grew by 6.82 % Y-o-Y while other income increased to ₹ 878.31 from ₹ 693.85 Cr.

Income from advances increased by 8.70 % to reach ₹ 5446.83 Cr from ₹ 5011.08 Cr. At the same time, income from investments registered a steep rise to reach ₹ 1835.92 Cr from ₹ 1776.83 Cr clocking a 3.33 % annual growth.

The yield on advances stood at 11.67% and the yield on Investments at 7.12 %. The Net Interest Margin for the fiscal year is at 3.27% as against 3.32 %, in the previous year. Focused attention on streams of fee based income and other income resulted in an increase of 26.58%. The total other income grew to ₹ 878.31 Cr in the current fiscal from ₹ 693.85 Cr in the previous fiscal.

Spread

During the fiscal year the Bank's spread on advances (gross) decreased to 4.36% from 4.55 % and spread on investments (gross) stood at 0.80% from 0.44 %. The Spread (net of provisions) on advance decreased to 3.92% from 4.01 % of last year.

Loan Asset Quality

In the fiscal 2014-15, your Bank consolidated its credit underwriting processes through Hub System which was implemented a few





years back. The coordinated efforts of National Credit Hub, Credit Monitoring Cells and the Stressed Assets Management Cell ensure that fresh slippages were reduced to a large extent.

The Bank's Gross NPA and Net NPA stood at 2.04 % and 0.73% respectively as at the end of 31st March 2015 as against 2.46% and 0.74%, respectively during 2013-14.

The total provisions held against non-performing advances, expressed as a percentage of gross NPAs amounted to 83.94 % (including technically written off accounts) at the end of FY 2014-15.

The Bank managed its NPA portfolio prudently, by considering and executing all options viz. SARFAESI, Compromise, Lok Adalat and DRT that offered the best return to the Bank.

Provision Coverage

As on 31st March 2015, the Bank held a total provision of ₹ 666.38 Cr. Provision coverage for NPAs as at 31st March 2015 stood at 63 %. As on 31st March 2015, the provision coverage ratio of the Bank, including written off accounts is 83.94 %. As per the RBI directive, Banks should hold minimum provision coverage of 70 % including technically written off accounts.

Capital Adequacy

Historically, your Bank has been strong on capital adequacy. **CRAR of the Bank calculated in line with Basel III norms stood at 15.46% which is considerably higher than the 9 % stipulated by RBI.** Of this, Tier 1 CRAR is at 14.81 %.

Share Value

Earnings Per Share (face value ₹ 2 /- each) of your Bank has increased from ₹ 9.81 to ₹ 11.75 during the year under review. Return on Equity during the year reached 13.77 % in the fiscal year ended 31st March 2015.

State of the Affairs of the Bank

Your Bank continued on its consistent performance during FY 2014-15 with PAT crossing the land mark figure of ₹ 1000 Crore. **The total Business of the Bank increased by 18.36% to ₹122109.98 Cr for the year ended 31st March 2015.**

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.

Dividend

Continuing the Bank's policy of striking a fine balance between retained earnings and dividend distribution, the Board of Direc-

tors have recommended a dividend of 110% i.e. ₹2.20 per Equity Share on face value of ₹ 2/- each for the year 2014-15 (previous year 100% i.e. ₹ 2 per Equity Share) subject to the approval of the members in the ensuing Annual General Meeting. Enhancing shareholders value has always been a guiding philosophy of the Bank.

The amounts, the Bank proposes to carry to any reserves

Reserve	Amount (₹ in Crore)
Transfer to Revenue Reserve	109.87
Transfer to Statutory Reserve	251.66
Transfer to Capital Reserve	28.76
Transfer to Investment Reserve Account	46.28
Transfer to Special Reserve	35.00

There are no material changes affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

There are no material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future;

Deposits

Being a banking company, the disclosures required as per Rule 8(5)(v)&(vi) of the Companies (Accounts) Rules,2014, read with Section 73 and 74 of the Companies Act, 2013 are not applicable to your Bank.

Increase of Capital

The Paid Up Capital of the Bank was increased by an amount ₹ 26,86,824/- by subscription of 13,40,412 ESOS shares of ₹ 2/- each and subscription of 3000 Rights-2007 released from abeyance. The Paid up Capital of the Bank as on 31.03.2015 is ₹171,33,10,394/- consisting of 856655197 shares of ₹ 2/- each.

Employee Productivity

Business per employee of the bank during the period stood at ₹ 11.15 Crore and the profit per employee of the Bank stood at ₹ 9.38 Lakh during the fiscal.





Employee Stock Option Scheme (ESOS)

The Bank has instituted an Employee Stock Option Scheme to enable its employees including whole time Directors to participate in the future growth and financial success of the Bank. Under the Scheme 4,27,58,250 options can be granted to the employees. The Employee Stock Option Scheme is in accordance with the Securities and Exchange Board of India (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999. The eligibility and number of options to be granted to an employee is determined on the basis of various parameters such as scale, designation, work performance, grades, period of service, annual fixed pay, Bank's performance and such other parameters as decided by the Compensation Committee from time to time in its sole discretion and is approved by the Board of Directors.

The Bank's shareholders had approved the scheme for issuance of stock options to employees including whole time Directors on December 24, 2010.

The option conversion price set has to be the closing price on the day previous to the grant date. The Compensation Committee granted 1,73,60,100 options during the year 2011-12, 1,22,42,375 options during the year 2012-13, 130,47,125 options during 2013-14 and 55,78,225 options during 2014-15. The options granted which are non transferable, with vesting period of 1,2,3 & 4 years subject to standard vesting conditions, and must be exercised within five years from the date of vesting. As on 31 March 2015, 14,14,692 options had been exercised and 4,05,62,093 options were in force.

Other statutory disclosures as required by the SEBI guidelines on ESOP are given in Annexure II to this report.

Investor Education and Protection Fund

As per the Companies Act 2013, dividend unclaimed for more than seven years from the date of declaration is to be transferred to Investor Education and Protection Fund. On 15.10.2014 the Bank had transferred ₹ 41,80,576/- to the above Fund, being the unclaimed dividend for the year 2007.

Expansion of Network

Your Bank has 1247 branches and 1485 ATMs as on 31st March 2015. The Bank had opened additional 73 branches and 126 ATMs during the year to improve its footprint throughout the country including un-banked centers as per RBI's guidelines. The Bank had opened maximum number of branches in the states of Tamilnadu, Punjab, Gujarat, Karnataka and Maharashtra and also Kerala.

Corporate Social Responsibility CSR Policy

For us in Federal Bank reaching out to people who needs assistance is part of the values passed down by our Founder Shri K P Hormis. The objectives we intend to achieve through our CSR programs aim at developing communities and create a sustainable future for the generations to come. Our activities touch a wider footprint through areas like Health, Education, Woman empowerment, Environment sustainability, and other activities as permitted under Companies Act, 2013, all aimed at creating a meaningful difference in the society where we live and operate in.

Objectives

- i. To identify and implement CSR projects aimed at uplifting the weaker sections of the social strata and to support the needy, disabled and elderly people.
- ii. To empower youth, children and woman through Skill building programs
- iii. To get involved in activities that can build a sustainable environment for future generations

Geographical Coverage

Bank with its presence pan India, will be extending its CSR activities across all geographies.

CSR Expenditure

The amount to be spent by the Bank towards CSR for FY 2015 as per Section 135 of the Companies Act 2013 comes to ₹ 23.83 Crores. Amount spent by the Bank this year towards CSR was ₹ 7.27 Crore. Your bank is committed to increase its CSR impact including the balance amount of ₹ 16.56 Crore for FY 2015. Since long term sustainability is a key factor that will decide success of CSR programs, a steady and cautionary approach was adopted in the first year so that sufficient platform/expertise is build to take forward Bank's CSR activities in the future.

Risk Management

The Board of Directors oversees the enterprise wide risk management functions of the Bank. A separate Risk Management Committee of the Board is in place for bringing in a top to down focus on risk management. Risk management is coordinated and administered by the Integrated Risk Management Department. The Department has three dedicated divisions for credit risk, market risk and operational risk management. Treasury activities are separately monitored by the Mid Office, which is a part





of Integrated Risk Management Department. Business Continuity plans and Information Security plans also form part of risk management functions in the Bank. Bank has also established a Transaction Monitoring Cell to provide a 360 degree surveillance coverage of the operations of the Bank. Risk Management policies are approved by the Board of Directors, and reviewed from time to time. Executive level risk management committees, such as Credit Risk Management Committee, Asset Liability Management Committee, Operational Risk Management Committee, Business Continuity Plan Committee, Information Security Committee, regularly assess the functional efficiency of the Bank in risk management and refine the policies and processes. Responsibility for identification, measurement and controlling of risk in various spheres of activities of the Bank is vested with a senior executive at the level of General Manager, who functions as the Chief Risk Officer of the Bank, reporting to the Managing Director & CEO. All material risks of the Bank, emerging in the course of its business are identified, assessed and monitored and in our opinion presently there is no material risk which threatens the current functioning of the Bank.

Internal Control Systems and their adequacy

The Bank has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Inspection and Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Bank, its compliance with operating systems, accounting procedures and policies based on the internal audit reports. The scope and authority of the Internal Audit function is defined in the Audit Policy of the Bank.

The audit findings are discussed in the internal committees of the Bank and corrective action in their respective areas are undertaken to strengthen the controls. Significant audit observations and corrective actions thereon are presented to and reviewed by the Audit Committee of the Board.

Vigil Mechanism/Whistle Blower Policy

Bank has comprehensive "Fraud Risk Management Policy" and "Whistle Blower Policy" which are reviewed and updated from time to time. The Whistle Blower Policy is available in Bank's website and Bank's intranet site. As per the Whistle Blower Policy, Directors and employees of the Bank, customers, stakeholders, non governmental organizations (NGO) and members of general public can lodge complaints/disclosures under the scheme. Vigilance Department of the Bank has the twin roles of investigation of frauds and prevention of frauds. Preventive measures for enhancing awareness of fraud risk and for promoting a culture of compliance among the employees preventive vigilance audits, vigilance workshops, circulation of modus operandi of frauds

occurred in banking industry etc are done. Bank is also promoting customer awareness on frauds especially cyber frauds through different communication channels, as an effective tool in prevention of frauds.

Website link to Bank's Whistle Blower Policy/ Vigil Mechanism is <http://www.federalbank.co.in/documents/10180//44686//Whistle+Blower+policy.pdf/67c5121d-ac8d-4861-b801-5a6ee8913b4e>

Subsidiary and Audited financial statements of the Bank's Subsidiaries

Fedbank Financial Services Limited is a fully-owned subsidiary of the Bank. The audited financial statements, the Auditors Report thereon and the Board's Report for the year ended March 31, 2015 of Fedbank Financial Services Limited, is available on the website of the Bank as required under the regulations.

Joint Venture in Life Insurance Business

The Bank's joint venture Life Insurance Company, in association with IDBI Bank Limited and Fortis Insurance International N.V. (now Aegeas), namely IDBI Federal Life Insurance Company Limited, (erstwhile IDBI Fortis Life Insurance Company Limited) commenced operations in March 2008. Currently the Bank has a total stake of ₹ 208 Crore in the equity of the company holding 26% of the equity capital.

Corporate Governance

The Bank has adopted a Code of Corporate Governance which while taking care of and safe guarding the interest of shareholders and all other stakeholders also provides good management, adoption of prudent risk management techniques. The Code of Corporate Governance and Code of Conduct for the Board of Directors and Management was amended with effect from January 15, 2015 with the approval of the Board to keep pace with the changing governance structure and to comply with requirements of Companies Act, 2013, Lisitng Agreement and other regulations applicable to the Banking sector.

The Code also aims at identifying and recognizing the Board of Directors and the Management of the Bank as the principal instruments through which good corporate governance principles are articulated and implemented, giving utmost importance to identify and recognize transparency, accountability and fair treatment amongst all the stakeholders, which is in tune with statutory and regulatory structures. A copy of the Code of Corporate Governance and Code of Conduct for the Board of Directors and Management is available on Bank's website.





Board of Directors

The composition of the Board of Directors is governed by the Banking Regulation Act, 1949, the Companies Act, 2013, Listing Agreement, and the Code of Corporate Governance adopted by the Bank. The Board comprises of nine Directors as on the date of this report, with rich experience and specialized knowledge in various areas of relevance to the Bank, including banking, accountancy, MSME, finance, small scale industry, agriculture, and information technology.

Ms. Shubhalakshmi Panse was appointed as an Additional Independent Director on the Board of the Bank w.e.f. 29.04.2014 who was appointed as an Independent Director by the shareholders of the Bank at the Annual General Meeting of the Bank held on July 17, 2014.

Dr. M.Y Khan ceased to be a director of the Bank w.e.f. 24.06.2014, on completing seventy years of age as per Code of Corporate Governance. The Board places on record their appreciation for the commendable contribution made by Dr. M.Y Khan, as a Director, during his tenure in the Bank.

Mr. Abraham Chacko, Executive Director of the Bank retired as Director from the Board of the Bank w.e.f 30.04.2015 on completion of his term of office.

Excluding the MD & CEO, all other members of the Board are Non-Executive and Independent Directors. Declaration has been obtained from the Independent Directors as required under the RBI Regulations, Listing Agreement and Companies Act. The remuneration and other benefits paid to MD & CEO of the Bank and Executive Director during the year are disclosed in Annexure I to this Report and in Corporate Governance report. The non-executive Independent Directors apart from Prof. Abraham Koshy, are paid sitting fees for attending every meeting of the Board/ Committees of the Board within the limits as prescribed under the Companies Act, 2013. Prof. Abraham Koshy⁺, Chairman of the Board is paid sitting fees for attending Board / Committee meetings in addition an amount of ₹ 1.25 lakhs per month as honorarium, as approved by the Board and RBI.

In compliance with the Companies Act, 2013 all the existing Independent Directors of the Bank, were re-appointed as Independent Directors at the last Annual General Meeting of the Bank held on 17th July 2014 .

Mr. Shyam Srinivasan, Managing Director & Chief Executive Officer of the Bank is liable to retire at this AGM in compliance with Section 152 of Companies Act, 2013, regarding retirement of directors by rotation. The detailed profile of Mr. Shyam Srinivasan, recommended for re-appointment in this AGM is mentioned in the Notice for the Annual General Meeting of the Bank.

⁺ Prof. Abraham Koshy retired as Director from the Board of the Bank w.e.f 18th May 2015

Composition of Audit Committee

The Audit Committee consists of four Non-Executives, Independent Directors, chaired by Nilesh S Vikamsey CA, a Non-Executive Independent Director. The Committee was re-constituted once in the financial year 2014-15. The members of the Committee are Nilesh S Vikamsey CA, Mr. Dilip G Sadarangani, Ms. Grace Koshie and Ms. Shubhalakshmi Panse who are Non-Executive Independent Directors. Dr. M Y Khan ceased to be a member of the Committee w.e.f. 24.06.2014. Ms. Shubhalakshmi Panse was nominated as a member w.e.f 26.06.2014.

The constitution of the Committee is in compliance with the regulatory requirements.

The terms of reference of the Audit Committee and incorporated in the Bank's Code of Corporate Governance, are in accordance with the listing agreements entered into by the Bank with Stock Exchanges where the Bank's shares are listed, Companies Act, 2013 and RBI guidelines.

Independent Directors

In terms of the definition of Independence of Director as prescribed under Clause 49 of the Listing Agreement entered with Stock Exchanges and Section 149(6) of Companies Act, 2013 and based on the confirmation / disclosures received from the Directors, the following Directors are Independent Directors of the Bank as on the date of this report:

1. Prof. Abraham Koshy⁺
2. CA. Nilesh S Vikamsey
3. Mr. Sudhir M Joshi
4. Mr. K M Chandrasekhar
5. Mr. Dilip G Sadarangani
6. Mr. Harish H Engineer
7. Ms. Grace Elizabeth Koshie
8. Ms. Shubhalakshmi Panse

Woman Director

In terms of the provisions of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, a company shall have at least one Woman Director on the Board of the company. Your Bank has Ms. Grace Elizabeth Koshie and Ms. Shubhalakshmi Panse as Directors on the Board of the Bank.

Bank's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178;





A. Qualifications, Experience and knowledge

1. The Board should bring to their tasks a balanced mix of knowledge, skills, experience, and judgment relevant to the Bank's policies, operations, and needs. More specifically, the Directors shall be persons having special knowledge, skills, or valuable experience in one or more fields, such as banking, finance, management, economics, law, accountancy, agriculture and rural economics, cooperative movement, trade, industry, infrastructure, engineering, and technology. At least two Directors shall be persons having special knowledge or practical experience in agriculture and rural economy, cooperation, or small-scale industry.
2. The Directors should be able to devote sufficient time and attention to the discharge of their duties to the Bank.
3. The non-executive Directors shall preferably be in the range of 35-70 years.

B. Disqualification/Conflicts of interest

1. The Bank's Directors shall be subject to the disqualifications/prohibitions contained in the Companies Act 2013 and the Banking Regulation Act, 1949 with respect to directorship of companies in general or banking companies in particular.
2. A Director shall not be a director of any other company, or partner or proprietor of a firm, where such directorship, partnership, or proprietorship involves or is likely to involve actual or potential conflicts of interest as a Director of the Bank. A Director shall promptly inform the Board/Committee of any actual or potential conflicts of interest with respect to any matter that may come up for the consideration of the Board or of any committee of which he is a member, and shall refrain from participating in a discussion on the matter.

The terms and conditions of appointment of Independent Directors is disclosed on the website of the Bank and a web link thereto is : <http://www.federalbank.co.in/shareholder-information>

C. Criteria for determining attributes of a director

- (i) integrity in personal and professional dealings.
- (ii) wisdom and ability to take appropriate decisions.
- (iii) ability to read and understand financial statements
- (iv) ability to deal with others with a sense of responsibility, firmness, and cooperation.
- v) refrain from any action that would lead to loss of his independence.

D. Criteria for determining Independence of a director

The Criteria of Independence of a director is determined based on the conditions specified in Section 149 (6) of the Companies Act, 2013.

The independent director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, give a declaration that he meets the criteria of independence.

Remuneration Policy

A. Policy on remuneration to Non-Executive Directors/Independent Directors

The Policy of the Bank, based on the recommendation of the Nomination & Remuneration Committee for the payment of remuneration to Non-Executive Directors/Independent Directors of the Bank is that the Non-Executive Directors will be paid only sitting fees for attending Board and Committees of the Board which is fixed within the limits of Companies Act, 2013 and as per the Listing Agreement.

B. Policy on remuneration to MD & CEO, Executive Director, Key Managerial Personnel and other employees

The Compensation / Remuneration Policy of the Bank as approved by the Board contains the policy for payment of remuneration to Executive Directors including MD & CEO, Key Managerial Personnel and for the employees of the Bank.

As per the guidelines given by RBI, Compensation/Remuneration Policy has been designed with the following Core Principles:

Core Principles

1. Effective governance of compensation.
2. Alignment of compensation with prudent risk taking.
3. Effective supervisory oversight and stakeholder engagement.

Change in the Policy

The following has been incorporated as an objective into the Policy for effective governance of compensation.

As per Section 178 of the Companies Act, 2013, the Nomination and Remuneration committee shall formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel and





other employees. The Nomination and Remuneration committee while formulating the policy shall ensure that:

- a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully
- b) Relationship of remuneration to performance is clear and meets appropriate benchmarks; and
- c) Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and variable incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

Monthly payment is being made to Whole Time Directors ie Managing Director & CEO and Executive Director as per terms and conditions approved by the Board and Reserve Bank of India. For Independent Directors only sitting fee is paid except to chairman of the Board to whom monthly payment is made additionally with the prior approval of Reserve Bank of India.

Compensation of Managing Director & CEO, Whole Time Directors and senior Executives (Non IBA)

The compensation paid out to the referred functionaries is divided into two components:

1. The fixed compensation is to be determined based on the industry standards, the exposure, skill sets, talent and qualification attained by the official over his/her career span. (Approval from RBI to be taken as per section 35B of the Banking Regulation Act while deciding the fixed and variable compensation part for Managing Director & CEO and Whole Time Directors)
2. The variable compensation for Managing Director & CEO and senior Executives (Non – IBA package) to be fixed based on organizational performance and KPIs set for the official. The organization's performance is charted based on the revenue point index / performance scorecard which takes into account various financial indicators like revenue earned, cost deployed, profit earned, NPA position and other intangible factors like leadership and employee development. Variable pay is paid purely based on performance and is measured through Score cards for Managing Director & CEO /WTDs. The score card provides a mix of financial and non financial, quantitative and qualitative metrics. KPIs to contain targets on risk adjusted metrics such as RAROC, RARORAC, in addition to target on NPAs.

Compensation paid to Senior executives and other staff members on IBA package

The compensation paid to other officials that include Award Staff, Officers coming under Scale I to III and Senior executives coming under Scale IV to VII is fixed based on the periodic industry level settlements with Indian Bank Association. The variable compensation paid to functionaries is based on the Performance Linked Incentive Scheme, which has been formulated on the basis of performance parameters set in Performance Management System.

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 informing its perspective on diversity, the Bank also take into account factors based on its own business model and specific needs from time to time.

The Nomination Committee has 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 are 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 requirement as per the Companies Act, 2013 for appointment of at least one woman director on the Board of the Bank is also considered.

Key managerial personnel who were appointed or have resigned during the year

In compliance with Section 203 of the Companies Act, 2013, Mr. Shyam Srinivasan, MD & CEO, Mr. Abraham Chacko^s, Executive Director, Mr. Girish Kumar G, Company Secretary and Mr. Sampath D, CFO were designated as the Key Managerial Personnel of the Bank at the Board meeting held on July 16, 2014. Mr. Sampath D, was appointed as officiating CFO of the Bank w.e.f. April 29, 2014.





Management Discussion and Analysis

The Management Discussion and Analysis Report for the year under review as stipulated under Clause 49 of the listing agreement with the Stock Exchanges in India is presented in a separate section forming part of this Annual Report.

Loans, Guarantees or Investments in Securities

Pursuant to Section 186(11) of the Companies Act, 2013 loans made, guarantees given or securities provided or acquisition of securities by a Banking company in the ordinary course of its business are exempted from disclosure in the Annual Report.

Internal Complaints Committees

Your Bank has upheld the letter and spirit contained in "The Sexual Harassment of Women at Workplace (prevention, Prohibition and Redressal) Act, 2013" (the Act). Board of Directors had resolved to constitute Internal Complaints Committees to function as per the provisions laid down in the Act and also to support the women employees by way of counseling. Your Bank has constituted

ten Internal Complaints Committees (9 at Zones and 1 at 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. Twenty employees were identified pan India and imparted a certification programme in employee counseling. These employees form part of the Internal Complaints Committee formed in various Zones of your Bank.

a. No. of complaints received in the year 2014 : 01
b. No. of complaints disposed of during the year 2014 : 01

c. Nature of action taken by the employer/ District Officer: As per the recommendations of the committee punishment was imposed on the respondent/ erring employee.

Variations in the market capitalisation of the Bank

Variations in the market capitalisation of the Bank, Price Earnings Ratio as at the closing date of the current financial year and previous financial year is mentioned below.

		FY14	FY15	Variation	Variation in %
Market Capitalisation (₹ in Crores)		8189.61	11312.13	3122.52	38.13
PE Ratio		9.76	11.24	1.48	15.16

Closing Price of Federal Bank share was ₹132.05(Face Value ₹2 per share) on 31/03/2015.

	Year	Face Value	Premium	Rate(Face Value ₹10)	Bonus (2004) 2:1	Rate (Face Value ₹ 2)	Increase in Amount	Increase in %
IPO	1994	10	80	90	30	6	126.05	2100.83%
Right Issue	2007	10	240	250	N.A.	50	82.05	164.10%

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its various Committees.

A structured questionnaire was prepared 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.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on specified parameters. The performance evalu-

ation 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 was carried out by the Independent Directors. The Directors expressed their overall satisfaction with the evaluation process but a few suggestions are being incorporated from the next year in relation to the current rating based system to a more qualitative approach.

Performance Evaluation of Non-Independent Directors (MD & CEO and Executive Director)

Criteria:

Attendance at the Board and Committee meetings; Presents financial reports to the board on a regular basis and submits an





annual budget for board review; revision and approval; Appraises the Board regarding the organization's financial position and operational budget so as to enable the Board to make informed financial decisions; enhancement of internal control processes; monitoring, execution of policies and encouraging suggestions, achievements of performance against budgets , leadership in developing strategy & directions for their execution, implementing Board decisions across IT, Operations, HR, Audit, Risk etc, media interactions & public relations, pursuing Organisation goals, ethics, motivating & guiding employees for better performance, relationship with Industry foras / Regulatory bodies, Compliance etc

Evaluation

The MD,s & ED's attendance at the Board and Committee meetings is very good; They present financial reports to the board on a regular basis and submits an annual budget for Board review; revision and approval; They regularly apprise the Board on the organization's financial position and operational budgets that aids the Board to make informed financial decisions; The Executives constantly endeavor to enhance internal control processes,monitor execution of policies and are very receptive to suggestions. The MD has adequate qualities of Leadership in developing strategy & execution for achieving them, The MD & ED adequately endeavor to Implement Board decisions and are very strong in media interactions and have put in large efforts in building and reinforcing the Brand and image of the bank. The MD demonstrates his commitment to the Organisation goals, is ethical, motivates & guides employees for better performance. His personal rapport and good relationship with industry foras / regulatory bodies, etc are highlights and testimony of the respect and prominence of Federal Bank in the Indian banking landscape.

Performance Evaluation of Independent Directors including Chairman

Criteria:

Attendance at meetings of Board and Committees, Knowledge & Ethics,; Understanding of the roles, responsibilities and duties as director / Chairman; Contributions at Board/Committee meetings including on strategy and risk management;

Evaluation:

The evaluation done brings out good attendance of Independent Directors in the Board and committee meetings. They are knowledgeable , ethical and bring their respective expertise in the deliberations and make valuable contributions. They have adequate understanding of their role and responsibilities as Independent directors.

Performance Evaluation of Board and Committees

Criteria:

Size, composition , balance and diversity of background; Proportion of Independent to Non Independent Directors; Effective Participation ;candidness of communication, Ability to handle conflicts; Review of Performance / Financial Reporting / Compliance / other Agenda of / by Bank ; Information given to Board / Committees, Effectiveness as per Terms of Reference of Board and its committees ; Value addition ; Review of Related Party transactions, Potential conflicts of interests; Corporate Governance norms of conduct; flow of information to board

Evaluation

The structure and composition of the Board is appropriate with adequate number of Directors and a good balance of diverse professional backgrounds, business experience, industry knowledge, skills and expertise in areas vital to the Bank's success in it's current and future position; The proportion of independent to non-independent directors is good; The Board demonstrates integrity, credibility, trustworthiness, active and effective participation at Board & Committee meetings which are held at reasonable and regular intervals;

The Board and committee processes and procedures are good with different committees reviewing different functional areas of the Bank's operations. The Board and its Committees also reviews Bank's performance, risk management, financial reporting, compliances, technology, operations with adequate frequency of meetings etc..

The flow of information to the Board and its committees is generally good.

Meetings

During the year nine Board Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and also the Listing Agreement.

Director's Responsibility Statement

The Directors have taken proper and sufficient care 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; and the Directors have prepared the annual accounts on a going concern basis.





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

- a. that in the preparation of the annual financial statements for the year ended March 31, 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. 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, 2015 and of the profit of the Company for the year ended on that date;
- c. 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;
- d. that the annual financial statements have been prepared on a going concern basis;
- e. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- f. that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively;

Related Party Transactions

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. There are no materially related party transactions made by the Bank with, Directors, Key Managerial Personnel who may have a potential conflict with the interest of the Company at large.

Wherever related party transactions took place they were placed before the Audit Committee and also to the Board for approval. Omnibus approval of the Audit Committee will be taken on a quarterly basis for the transactions which are foreseen and of repetitive nature, which at this juncture is not there. The policy on Related Party Transactions after the approval by the Board has to be uploaded on the Bank's website. None of the Directors has any pecuniary relationships or transactions vis-a-vis the Bank.

Since all related party transactions entered into by the Bank were in the ordinary course of business and were on an arm's length

basis, form AOC-2 is not applicable to the Bank.

Technology and Digital Updates

The Bank has the following modes of technology related banking:

Mobile Banking

Mobile based transactions and the adoption of mobile based applications is set to increase with growth in usage of smart phones over the generic phones. As part of our Mobile banking strategy we have adopted migration of existing mobile banking application to a platform based solution in order to achieve the flexibility and agility required in the mobile application development and deployment in all kinds of mobile operating systems (OS).

Introduction of industry first game changing innovations like FedBook and Scan N Pay has taken Customer Delight to unprecedented heights redefining the benchmark of service excellence.

FedBook is the Electronic version of a traditional bank pass book offered to Federal Bank customers free of cost. It helps customers to view all the transactions in their bank accounts.

'Scan N Pay' is an innovative Mobile Application for inter-bank fund transfer using the IMPS (24x7) facility. By using 'Scan N Pay', customers are freed from the hassles of keying in the details for fund transfer through IMPS. Transactions happening through 'Scan N Pay' are executed in real time and confirmation messages are instantaneous which adds to the comfort level of Customers to use the application.

Mobile banking migration brings in the following benefits -

- UI change- Improves customer experience
- Availability of additional services to the customer
- Development management – Reduction in development time and cost due compatibility of platform across multiple mobile operating systems
- Adoption of this platform has enabled easy maintenance of applications across mobile OS due to availability of advanced change management system.

Internet Banking

As part of our technology absorption strategy our Internet Banking solution has undergone an upgrade to an advanced product version. Migration of Internet Banking solution facilitates easier interfacing with other peripheral and external systems.





Auditors

Statutory Audit

M/s. Deloitte Haskins & Sells, Chartered Accountants, Chennai, and M/s. M P Chitale & Co., Chartered Accountants, Mumbai, jointly carried out the statutory central audit of the Bank during the Financial Year 2014-15. Additionally 1220 number of branches were subjected to Branch Statutory Audit by 691 number of Branch Auditors. The statutory central/branch auditors audited all the branches and other offices of the Bank.

Secretarial Audit

The Board had in its meeting dated November 21, 2014, appointed M/s. SVJS & Associates, Practicing Company Secretaries, to undertake the Secretarial Audit of the Bank during the Financial Year ended March 31, 2015, in compliance with the provisions of Section 204 of the Companies Act, 2013 and The Companies(Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Report of the Secretarial Audit Report is annexed herewith as "Annexure VI".

Awards and Accolades

Excellence in administration, business and technological advancement have made your Bank the recipient of a host of recognitions during FY15.

The year witnessed the Bank being showered with a number of awards and accolades for its HR initiatives, which included the Fourth Annual Greentech HR Award for Innovation in Recruitment, Fifth Asia's Best Employer Brand Award for Innovation in Retention Strategies, Asia Training & Development Award for Excellence in Training, ICE Award for Best In-house Magazine and NIB Award for Best In-house Magazine. Besides, Asia Pacific HRM Congress Awards 2014 conferred the citation of 'The CEO with HR orientation' to Mr. Shyam Srinivasan, MD & CEO; and the citation of '40 Most Talented HR Leaders' and '100 Most Talented Global HR Leaders' to the HR Head of the Bank, Mr. Thamby Kurian.

As a recognition for innovation in Technology, the Bank won the prestigious Banking Technology Excellence Awards 2014 from the Institute for Development and Research in Banking Technology (IDRBT) in 4 out of a total of 5 categories in the mid-sized Banks segment. The Bank was adjudged as: (a) Best Bank for Use of Technology for Financial Inclusion, (b) Best Bank for Social Media and Mobile Banking, (c) Best Bank for Business Intelligence Initiatives and (d) Best Bank for Best IT Team.

Apart from the above, Federal Bank won the CNBC TV18 Financial Inclusion Award for the work done by the Bank towards the cause of Financial Inclusion and empowerment of those at the bottom

layer of the economy.

Your Bank was also chosen as the Best Bank among small banks in India in the Best Bank Survey, 2014 conducted by Business World-Price Waterhouse Coopers Combine; and as the 'Best Corporate Brand of the Year 2015' jointly by Ernakulam Press Club and Public Relations Council of India (PRCI) – Kerala Chapter.

Consolidated Financial Statements

Pursuant to Section 129 of the Companies Act, 2013, the Bank has prepared a Consolidated Financial Statements of the Bank and also of its Subsidiary, Fedbank Financial Services Limited, in the same form and manner as that of the Bank which shall be laid before the ensuing 84th Annual General Meeting of the Bank along with the laying of the Bank's Financial Statement under sub-section (2) of Section 129 i.e. Standalone Financial Statement of the Bank.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

Considering the nature of activities of the Bank, the provisions of Section 134 (3) (m) of the Companies Act, 2013 relating to conservation of energy and technology absorption do not apply to the Bank. The Bank is, however, constantly pursuing its goal of technological up gradation in a cost-effective manner for delivering quality customer service. Through its export-financing operations, the Bank supports and encourages the country's export efforts.

Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as "Annexure III".

Particulars of Employees

As required by the provisions of Section 197 read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of the employees who were in receipt of remuneration not less than sixty lakh rupees for FY 2014-15 are set out in the Annexure to the Director's Report. (Annexure I).

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, are forming part of this report as Annexure VI.





Stock Exchange Information

The Bank's Equity Shares are listed on:

1. BSE Limited, Pheroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 and
2. National Stock Exchange Ltd. "Exchange Plaza", Bandra - Kurla Complex Bandra East, Mumbai - 400 051.

The GDRs issued by the Bank are listed on the London Stock Exchange.

The annual listing fees have been paid to all the Stock Exchanges mentioned above.

Acknowledgement

The Board of Directors places on record its sincere thanks to the 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 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 Bank's shareholders, esteemed customers and all other well-wishers for their continued patronage. The Directors express their appreciation for the contribution made by every employee of the Bank.

For and on behalf of the Board of Directors

Abraham Koshy
Chairman of the Board

Aluva

Date: 16 May 2015

Annexures

Annexure I

Name, Qualification and Age (in years)	Designation	Remuneration (in ₹)		Experience (in years)	Date of commencement of employment	Last employment
		Gross @	Net#			
Mr. Shyam Srinivasan, B.E.,P.G.D.M (IIM, Kolkata), 53 years	Managing Director &CEO	7799556	5483757	29 years	23rd September 2010	Head(Consumer Banking-India), Standard Chartered Bank
Mr. Abraham Chacko*, Post Graduate Diploma in Business Management (XLRI, Jamshedpur), Bachelor in Commerce (Honors) 62 years	Executive Director	7507377	5294943	36 years	21st May 2011	Regional Head of Business Sales/Trade-Asia/Middle East/Central Asia/Africa/ ABN Amro bank/RBS
Mr. Ashutosh Khajuria, B.Sc(Physics),LL.B,M.A.(Economics), CAIIB,DTIRM,55 years	President (Treasury)	7190630	5100630	31 years	16th June 2011	CGM & Head of Treasury, IDBI Bank Limited

Net of Taxes paid

@ In addition to the above 6,41,375 stock options were granted to Mr. Shyam Srinivasan, MD & CEO @ market rates relevant on the date of grant. Though the Board had offered 25,65,500 shares of ₹ 2/- each as ESOS to Shri. Shyam Srinivasan has accepted one fourth of the shares offered and balance has been distributed to the employees for the grant 2014. Mr. Ashutosh Khajuria holds 1000 shares of the Bank as on March 31, 2015.

\$ - Mr. Abraham Chacko, Executive Director of the Bank retired as Director from the Board of the Bank w.e.f 01 May 2015





Esos Details

Annexure II

Sl. no.	Particulars	ESOP 2010 Granted On April 09,2011	ESOP 2010 Granted On June 02,2011	ESOP 2010 Granted On June 16,2011	ESOP 2010 Granted On Nov 05,2012	ESOP 2010 Granted On Sept 12,2013	ESOP 2010 Granted On Sept 12,2014
1	No. of options Granted	1,65,60,100	5,00,000	3,00,000	1,22,42,375	1,30,47,125	55,78,225
2	No. of options issued	Nil	Nil	Nil	Nil	Nil	Nil
3	Pricing Formula	The exercise price considered is the closing market price as on the day preceding the date of the grant, at the stock exchange which has had the maximum trading volume of the Bank's share.					
4	No. of options vested & Exercisable	1,19,90,932	5,00,000	2,50,000	51,12,746	26,33,355	0
5	No. of Options exercised	10,21,158	0	0	1,95,674	1,97,860	0
6	No. of shares arising as a result of exercise of Options	10,21,158	0	0	1,95,674	1,97,860	Nil
7	Options lapsed	23,63,510	0	0	16,17,535	18,24,595	4,45,400
8	Variation in terms of Options	Nil	Nil	Nil	Nil	Nil	Nil
9	Money realized by exercise of options	8,59,10,023	Nil	Nil	1,85,49,895	1,13,27,485	Nil
10	Total Number of Options in force	1,31,75,432	5,00,000	3,00,000	1,04,29,166	1,10,24,670	51,32,825
11	Employee wise details of Options granted to						
	a) Senior Managerial Personnel i.e MD & CEO*	25,65,500	-	-	6,41,375	6,41,375	6,41,375
	ED I	50,625	-	-	75,000	-	-
	ED II	-	5,00,000	-	325,000	325,000	-
	b) Any other employee who receives a grant in any one year of Options amounting to 5% or more of the options granted during the year	Nil	Nil	Nil	Nil	Nil	Nil
	c) Identified employees who were granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	Nil	Nil	Nil	Nil	Nil	Nil

* As explained earlier in Page 28.





Sl. no.	Particulars	ESOP 2010 Granted On April 09,2011	ESOP 2010 Granted On June 02,2011	ESOP 2010 Granted On June 16,2011	ESOP 2010 Granted On Nov 05,2012	ESOP 2010 Granted On Sept 12,2013	ESOP 2010 Granted On Sept 12,2014
12	Diluted Earnings Per Share (EPS) of the Bank after considering the effect of potential equity shares on account of exercise of Options				₹ 11.75 per share		
13	Impact of the difference between the Intrinsic Value of the Options and the Fair Value of the Options on Profits and on EPS				Had the Bank adopted the fair value method (based on Black-Scholes pricing method) for pricing and accounting options, Net profit after tax would have been lower by ₹ 2542.26 lacs for FY 2014-15		
					Basic EPS – ₹ 11.45 per share		
					Diluted EPS – ₹ 11.33 per share		
14	Weighted average exercise prices of options						
	i. whose exercise price equal to market price				₹ 84.83		
	ii. Exercise price is greater than Market price				Nil		
	iii. Exercise price is greater than Market price				Nil		
	Weighted average fair value of options						
	i. whose exercise price equal to market price				₹ 25.76		
	ii. Exercise price is greater than Market price				Nil		
	iii. Exercise price is greater than Market price				Nil		
15	The Securities and Exchange Board of India ('SEBI') has prescribed two methods to account for stock grants; (i) the intrinsic value method; (ii) the fair value method. The Bank adopts the intrinsic value method to account for the stock options it grants to the employees. The Bank also calculates the fair value of options at the time of grant, using Black-Scholes pricing model with the following assumptions:						
	i. Risk Free interest rate	7.50%	8.25%	8.25%	8.00%	8.50%	8.50%
	ii. Expected life	3 years to 4.5 years	3 years to 4 years	3 years to 4.5 years	3 years to 4.5 years	3 years to 4.5 years	3 years to 4.5 years
	iii. Expected volatility	20%	20%	20%	20%	50%	50%
	iv. Expected Dividends	1.50%	1.50%	1.50%	1.50%	2.00%	2.00%
	v. The price of the underlying share in market at the time of grant of option (in ₹)	84.69	89.94	90.93	94.80	57.25	124

All the option numbers mentioned in the Annexure are of face value of ₹ 2/- each.





Annexure III

Extract of Annual Return as on the financial year ended 31.03.2015

Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

FORM NO. MGT - 9

I. Registration and Other Details	
CIN	L65191KL1931PLC000368
Registration Date	23 April 1931
Name of the Company	THE FEDERAL BANK LIMITED
Category/Sub-category of the Company	Company having Share Capital
Address of the Registered Office and contact details	Federal Towers, P B NO 103, Aluva, Ernakulam- 683 101, Tel- 0484 2630996
Whether Listed company	Yes
Name address and contact details of Registrar and Transfer Agent	M/s. Integrated Enterprises (India) Ltd, 2nd Floor, Kences Towers, No.1, Ramakrishna Street, Off : North Usman Road, T. Nagar, Chennai-600017 Phone No: 044-28140801-03 Email: csstd@integratedindia.in

II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No	Name and Description of main products / services	NIC Code of the Product/ Service	% to total turnover of the company
1	Banking services	64191	99.68%

III. Particulars of Subsidiary and Associate Companies –

Sl. No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING /SUBSIDIARY/AS-SOCIATE	% of Shares held	Ap- plicable Sec- tion
1.	Fedbank Financial Services Limited	U65910KL-1995PLC008910	Subsidiary	100%	2(87)
2.	IDBI Federal Life Insurance Company Limited	U66010MH-2007PLC167164	Associate	26%	2(6)





IV. Shareholding Pattern

(Equity Share Capital Break up as percentage of Total Equity)

(i) Category-wise Shareholding

	Category of Shareholder	No. of shares held at the beginning of the year			No. of shares held at the end of the year			% Change during the year		
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	PROMOTERS									
(1)	Indian									
a	Individual/HUF									
b	Central Government									
C	State Governments									
d	Bodies Corporate									
e	Banks / FIs									
f	Any other (Specify)									
	Sub Total A(1)									
(2)	Foreign									
a	NRI - Individuals									
b	Other - Individuals									
c	Bodies Corporate									
e	Banks / Fis									
e	Any other (Specify)									
	Sub Total A(2)									
	Total shareholding of Promoter (A)= (A)(1)+(A)(2)									
B	Public Shareholding									
(1)	Institutions									
a	Mutual Funds (includes UTI)	153,016,911	47,890	153,064,801	17.90	213,065,970	47,890	213,113,860	24.88	7.01
b	Financial Institutions / Banks	44,828,605	64,750	44,893,355	5.25	68,661,514	64,750	68,726,264	8.02	2.78
c	Central Government					5	0	5		
d	State Governments								-	-
e	Venture capital Funds									
f	Insurance Companies									
g	FIs	349,898,829	165,125	350,063,954	40.93	302,961,967	165,125	303,127,092	35.38	-5.48
h	Foreign Venture Capital Investors									
i	Any other (Specify) - Foreign Banks	720,475	0	720,475	0.08	1,908,053	0	1,908,053	0.22	0.14
	Sub Total B(1)	548,464,820	277,765	548,742,585	64.16	586,597,509	277,765	586,875,274	68.51	4.45
(2)	Non-Institutions									
a	Bodies Corporate	76,852,964	376,355	77,229,319	9.03	55,016,244	375,885	55,392,129	6.47	-2.55
b	Individuals (Resident/ NRI/Foreign National)					0	0	0		





	Category of Shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
(i)	Individual Shareholders holding Nominal Share Capital upto ₹1 Lakh	76,786,448	20,910,580	97,697,028	11.42	78,974,075	19,304,925	98,279,000	11.47	0.07
(ii)	Individual Shareholders holding Nominal Share Capital in excess of ₹1 Lakh	61,727,513	643,020	62,370,533	7.29	70,501,701	643,020	71,144,721	8.30	1.02
c	Any other -Clearing Members	6,012,215	0	6,012,215	0.70	1,057,686	0	1,057,686	0.12	-0.58
	-Trusts	921,920	64,650	986,570	0.12	3,795,317	33,900	3,829,217	0.45	0.33
	-Corporate Body - Foreign Bodies	41,121,195	0	41,121,195	4.81	22,703,920	0	22,703,920	2.65	-2.15
	Limited Liability partnership	123,750	0	123,750	0.01	703,662	0	703,662	0.08	0.07
	Overseas Corporate Bodies	0	3000	3000	0.00	0	3000	3000	0.00	-
	Sub Total B(2)	263,546,005	21,997,605	285,543,610	33.38	232,752,605	20,360,730	253,113,335	29.55	-3.79
	Total Public Shareholding (B) = (B) (1)+(B)(2)	812,010,825	22,275,370	834,286,195	97.54	819,350,114	20,638,495	839,988,609	98.05	0.67
C	Shares held by Custodians for GDRs and ADRs	21,025,590	0	21,025,590	2.46	16,666,588	0	16,666,588	1.95	-0.51
	Grand Total (A) + (B) + (C)	833,036,415	22,275,370	855,311,785	100.00	836,016,702	20,638,495	856,655,197	100.00	0.16

(ii) Shareholding of Promoters

Sl No.	Shareholders Name	Shareholding at the beginning of the year		Shareholding at the END of the year		% change in shareholding during the year
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
		NIL				

(iii) Change in Promoters Shareholding

Sl No.	Shareholding at the beginning of the year	Cumulative Shareholding during the year
	No. of shares % of total shares of the company	No. of shares % of total shares of the company
	At the beginning of the year	
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/ bonus/ sweat equity etc):	NIL
	At the End of the year	





(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

SI No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	WARHOL LIMITED	42,361,519	4.95	42,361,519	4.94
2.	INTERNATIONAL FINANCE CORPORATION	41,121,195	4.81	22,703,920	2.65
3.	FRANKLIN TEMPLETON INVESTMENT FUNDS	34,660,192	4.05	31,374,443	3.66
4	YUSUFFALI MUSALIAM VEETTIL ABDUL KADER	31,576,820	3.69	31,576,820	3.69
5	LIFE INSURANCE CORPORATION OF INDIA	24,592,715	2.88	18,967,380	2.21
6	MORGAN STANLEY MAURITIUS COMPANY LIMITED	24,439,833	2.86		0.00
7	AMANSA CAPITAL PTE LIMITED A/C AMANSA HOLDINGS PRIVATE LIMITED	21,902,847	2.56		0.00
8	M/S NAPEAN TRADING AND INVESTMENT CO PVT LTD	21,804,574	2.55	3,615,717	0.42
9	GENERAL INSURANCE CORPORATION OF INDIA	18,005,000	2.11	15,300,000	1.79
10	PRUDENTIAL ASSET MANAGEMENT (SINGAPORE)	17,436,777	2.04		0.00
11	BANK MUSCAT S A O G A/C BANKMUSCAT INDIA FUND	16,677,605	1.95	16,719,605	1.95
12	DEUTSCHE BANK TRUST COMPANY AMERICAS	14,859,545	1.74	14,604,765	1.70
13	MFS INTERNATIONAL NEW DISCOVERY FUND	14,223,575	1.66	14,223,575	1.66
14	AMANSA HOLDINGS PRIVATE LIMITED			25,056,956	2.92
	Total	855,311,785		856,655,197	

(V) Shareholding of Directors and Key Managerial Personnel

SI No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Prof. Abraham Koshy ⁺	5000	0.000584	5000	0.000584
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer/ bonus/ sweat equity etc):	NIL			
	At the End of the year	5000	0.000584	5000	0.000584
2.	Mr. Abraham Chacko ^{\$}	5000	0.000584	5000	0.000584
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer/ bonus/ sweat equity etc):	NIL			
	At the End of the year	5000	0.000584	5000	0.000584

+ Prof. Abraham Koshy retired as Director from the Board of the Bank w.e.f 18th May 2015

\$ - Mr. Abraham Chacko, Executive Director of the Bank retired as Director from the Board of the Bank w.e.f 01 May 2015





V. Indebtedness

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(₹ in Crores)

	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year			
i) Principal Amount	1,536.48	4,151.48	5,687.96
ii) Interest due but not paid			
iii) Interest accrued but not due	1.34	46.87	48.21
Total (i+ ii+ iii)	1537.82	4,198.35	5,736.17
Change in Indebtedness during the financial year			
• Addition	205,151.53	50,801.41	255,952.94
• Reduction	206,371.17	52,962.77	259,333.94
Net Change	-1219.64	-2,161.36	-3,381
Indebtedness at the end of the financial year			
i) Principal Amount	318.12	1,990.12	2,308.24
ii) Interest due but not paid			
iii) Interest accrued but not due	0.06	28.66	28.72
Total (i+ii+iii)	318.18	2,018.78	2,336.96

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole -time Directors and / or Manager:

Sl. No	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Mr. Shyam Srinivasan (MD &CEO) Mr. Abraham Chacko (ED)	
1.	Gross salary + (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6,999,960	6,499,980
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	799,596	1,007,397
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2.	Stock Option (granted during the year)	641375 options*	-
3.	Sweat Equity	NIL	NIL
4.	Commission -As % of profit -Others, specify...	NIL	NIL
5.	Others, please specify		
	Total (A)	7,799,556	7,507,377
	Ceiling as per the Act#	NA	NA

* As explained earlier in Page 28.

+ Considering the performance of the Bank in FY 14 PLI was foregone by MD and ED.

Remuneration to MD & CEO and ED as per RBI approval as per Section 35B of Banking Regulation Act, 1949.





B. Remuneration to other directors:

Sl. No	Particulars of Remuneration	Name of Directors								Total Amount
		Prof.Abraham Koshy	CA. Nilesh Vikamsey	Mr. Sudhir Joshi	Mr. Dilip Sadarangani	Mr. KM Chandrasekhar	Mr. Harish Engineer	Ms. Grace Koshie	Ms. Shubhalakshmi Panse	
1.	Independent Directors									
	• Fee for attending board and committee meetings	18,82,500	15,30,000	25,30,000	18,00,000	14,60,000	16,20,000	16,90,000	15,50,000	14062500
	• Commission									
	• Others, please specify									
	Total (1)	18,82,500	15,30,000	25,30,000	18,00,000	14,60,000	16,20,000	16,90,000	15,50,000	14062500
	Sweat Equity									
2	Other Non – Executive Directors									
	• Fee for attending board committee meetings									
	• Commission									
	•Others, please specify									
	Total (2)									
	Total (B) = (1+2)	18,82,500	15,30,000	25,30,000	18,00,000	14,60,000	16,20,000	16,90,000	15,50,000	14062500
	Total Managerial Remuneration									
	Overall Ceiling as per the Act									

In addition to the above Dr. M Y Khan, who retired from the Board of Directors on 24.06.2014, was paid sitting fees of Rs 80,000/- for attending Board /Committee meetings during FY 2014-15

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

Sl. No	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount
		Mr. Sampath D,CFO	Mr. Girish Kumar G		
	Gross salary (d) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,647,949	1,573,147	3,221,096	
	(e) Value of perquisites u/s 17(2) Income-tax Act, 1961	172,856	344,557	517,413	
(c)	(f) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option (granted during the year)	16,000	9,000		
3.	Sweat Equity	-	-	-	
4.	Commission As % of profit Others, specify	-	-	-	
5.	Others, please specify	-	-	-	
	Total	1,820,805	1,917,704	3,738,509	

VII. Penalties / Punishment/ Compounding of offences: Nil





Annexure IV

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.

The detailed policy on CSR of the Bank is published in the Bank's website and the weblink to it is: <http://www.federalbank.co.in/our-commitments>

Overview of some of the different programs undertaken during FY 2015

Bandhan – Adoption of schools

As part of our commitment to make a sustainable difference in the community where we live in, we had adopted one school by each of the 1214 branches. Our long term vision will be to bring transformation in the schools identified and aim at its overall development with the participation of employees. The future programs that will be launched in the schools would be in the areas of financial education, environment conservation, construction of toilets, sanitation – in line with Swacch Vidyalaya campaign etc

Federal Bank Speak for Kerala

Started with the intention to provide an opportunity to all the young talents emerging from the smallest of the blocks, the social initiative has been out on full swing encouraging various students across Kerala to speak for their state on topics that matter the most. The student community in the state responded well to this initiative by participating in good numbers right from the activation stage to the grand finale. The winner of the Grand Finale was Ms Sana Nazar who was awarded with the "Federal Bank – Kerala Youth of the Year 2015' Trophy, Scholarship worth ₹ 3 lakhs and cash prize of ₹ 50,000. The Runner up got Cash Prize of ₹ 50,000.

Seed – Student Empowerment for Environment Development

Global warming and climate change are the major challenges the world is facing today. To build awareness amongst student fraternity to conserve the earth's natural resources, we along with Mathrubhumi launched the 'Seed' programme. Various workshops were held across different centers in Kerala to promote awareness and green living among students and through them the society as a whole, 7500 schools were covered under the Seed program. Federal Bank employees also played an active part in conducting awareness classes and to promote sustainable development.

Palathulli – Rain water Harvesting

Federal Bank joined hands with the leading Media house Malayala Manorama in sponsoring the flag ship Program "PALATHULLI" as part of CSR initiative. Palathulli is a massive campaign launched by Malayala Manorama in 2004 to educate people on rain water harvesting and water conservation. The program envisages educating the public on the scientific methods suggested by experts and practical ways employed by farmers for water conservation and rain water harvesting. Federal Bank officials got involved in the various workshops that were held at different parts of Kerala.

Eradicating Poverty: 'Bhoomigeetham' A Musical Harmony for the Landless- An initiative by Government of Kerala

The Chief Minister inaugurated the Bhoomigeetham program – a function in connection with a musical evening — 'Bhoomigeetham' — to raise fund for the landless in the city on August 31, 2014. The first ticket of the event was received by the Chief Minister from the Excise Minister K. Babu. Film Director Siddique inaugurated the Bhoomigeetham website. Our Bank sponsored the program as a CSR event

AIDS awareness Stamps, a fund raising project of Global Kerala Initiative – Keraleeyam for rehabilitation of HIV child victims.

Global Kerala Initiative - Keraleeyam, an NGO, is a major charity organization in Kerala, working for the rehabilitation of the neglected and orphaned HIV positive children. They provide ₹1500 to each child to meet their educational, nutritional and medicinal need and work for bringing them back to the main stream in the society. The Institution have their project named Santhwanam (Solace) with exclusive motive of rehabilitation of HIV child victims.

The Bank supported the organisation in printing stamps to sell in CBSE Schools in Kerala during 2013-14 academic year. During this period they distributed 25 lakhs stamps and as on date ₹50 lakhs was collected and the process is still continuing.

Aluva Master Development – Socio Economic Development "Transforming a society"

Federal Bank has its roots situated in the small town of Aluva. Aluva is a fast growing municipality and is a major centre for trade and tourism. Federal Bank along with Aluva Municipal Council and Well Wishers of Aluva is keen to develop Aluva into a world class city delivering high quality of life to its residents; that is able to





adapt to climate change, while protecting its unique heritage. In early 2013, Aluva and UK announced a collaboration to devise a plan to allow the city to grow sustainably with a view of what the world will be like in 2050. The objective is to make a visible transformation in Aluva through undertaking participatory projects with the Municipal Corporation especially in the area of waste management.

2. The Composition of the CSR Committee.

CSR Committee of the Board

Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director. Our CSR Committee to the Board consists of two independent directors and MD & CEO of the bank. The committee consists of:

- Prof. Abraham Koshy, Non-Executive Chairman of the Bank
- Mr. Harish Engineer, Director
- Mr. K M Chandrasekhar, Director
- Mr. Shyam Srinivasan, MD & CEO

3. Average net profit of the company of the last three financial years

Year	Net Profit – Before tax
2012	₹ 1169.51 Crores
2013	₹ 1193.76 Crores
2014	₹ 1211.99 Crores

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)

Average Net profit calculated for three preceding Financial years is ₹ 1191.7533 Crores. Out of this 2 % of Average Net profit for three preceding Financial years comes to ₹ 23.83 Crores.





5. Details of CSR spend during the financial year

Sl.No	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount Spent direct or through implementing agency
1	Focus Healthcare	Healthcare, Preventive Healthcare	Pan India	6,252,375	5,223,589	5,223,589	Direct
2	Focus Education & Skill Building	Promoting Education, Special Education, Vocational skills, sports education	Pan India	48,875,968	39,908,847	39,908,847	Direct
3	Donation to Federal Bank Hormis Memorial Foundation	Promoting Education	Kerala	13,238,467	13,238,467	13,238,467	Federal Bank Hormis Memorial Foundation
4	Swacch Bharat, Environment sustainability	Environment Conservation, sanitation	Pan India	12,829,098	5,267,750	5,267,750	Direct
5	Focus Welfare & Rural Development	Rural development, woman empowerment, Armed forces, Senior citizens welfare	Pan India	9,249,173	9,019,173	9,019,173	Direct
6	Office & Miscellaneous				113,699	113,699	
Total				90,445,081	72,771,525	72,771,525	

The concept of 'giving back to the society' had been ingrained in our Bank's core value even before CSR became a mandatory requirement for organizations. Shri K P Hormis, our visionary founder always believed that role of a corporate is not limited to generating profit, but going beyond the conventions to bring meaningful change in the society where we operate in. This commitment to bring sustainable and impactful change is reflected in the way your Bank undertake social development projects. Several major projects that can have long term impact were selected during the year, some of the major initiatives rolled out during the year were Speak for Kerala that touched more than 20000 students in Kerala and gave a platform for many to develop their communications skills and confidence levels, your Bank also adopted 1200 schools as part of Bandhan program and as the name signifies it is a long term relationship we have committed to transform the schools through sustained investment in the long term. Your Bank as part of Swacch Bharat mission provided access to safe drinking water to 2 lakh + students studying in the adopted schools. In line with our commitment to conserve environment and natural resources we partnered with Malayala Manorama in Palathulli program that aims at conserving fresh water through rain water harvesting. Your Bank has also embarked on a unique project to transform Aluva to a model town and in the first phase we initiated a programme to clean Periyar River – the lifeline of residents of Kochi. Apart from this we also

supported several organizations across India who are engaged in Philanthropic/social activities. Having spent 0.61 % (amounts spent ₹7.27 Crore) this year towards CSR as per Section 135 of the Companies Act 2013, your bank is committed to increase its CSR impact including the balance amount of ₹16.56 Crore for FY 2015, in the corpus fund CSR expenditure account which will be spent in the coming years by selecting projects that have long term sustainability. Since long term sustainability is a key factor that will decide success of CSR programs, a steady and cautionary approach was adopted in the first year so that sufficient platform/expertise is build to take forward Bank's CSR activities in the future. Our objective remains "to develop CSR as an integral part of business that brings stakeholder engagement and one that defines our success not only based on the profit we generate but how meaningfully we could influence the world around us".

The CSR committee confirms that the implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the bank

Sd/-	Sd/-
Mr. Shyam Srinivasan MD & CEO	Mr. Harish Engineer Chairman of CSR Committee





Annexure V

**Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2015**

[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]

To,
The Members,
The Federal Bank Ltd.
Federal Towers, P.B. No. 103
Alwaye-683101

We, SVJS & Associates, Company Secretaries, have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. The Federal Bank Ltd. [CIN: L65191KL1931PLC000368]** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the **M/s. The Federal Bank Ltd.**'s books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31.03.2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s. The Federal Bank Ltd.** ("the Company") for the financial year ended on 31.03.2015 according to the provisions of:

- (i) The Companies Act, 2013 and the Companies Act, 1956 (to the extent applicable) (the Act) and the rulesmade there under;
- (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.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.
 - (c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
 - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (vi) As informed to us, the following other laws are specifically applicable to the Company.
 - 1. Banking Regulation Act, 1949 and Banking Regulation (Companies) Rules, 1949 (as amended from time to time).
 - 2. Master Circular on exposure norms and financial statements.
 - 3. Reserve Bank of India Act, 1934
 - 4. The Banking Ombudsman Scheme, 2006
 - 5. The Bankers' Books Evidence Act, 1891
 - 6. The Banking Companies (Period of Preservation of Records) Rules, 1985
 - 7. The Negotiable Instruments Act, 1881
 - 8. The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002
 - 9. The Limitation Act, 1963





10. Prevention of Money Laundering Act, 2002 and The Prevention of Money-laundering (Maintenance of Records) Rules, 2005

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

- (i) Secretarial Standards relating to General and Board Meeting Minutes issued by The Institute of Company Secretaries of India. (not applicable during the period under review)
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that during the audit period there were no instances of public/right/preferential issue of shares/debentures/ sweat equity, buy back of securities, Merger / amalgamation / reconstruction, etc. or Foreign technical collaborations.

The following securities were redeemed during the period:

Sl. No	Nature of Bonds	Prin- cipal Amount	Rate of Interest	Date of Issue	Date of Re- dem- ption
1	FedB14 - 6.85% Unse- cured Non convertible Debentures	30 Crores	6.85%	26th July, 2004	26th April, 2014

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors 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 Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, 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.

All decisions of the board were unanimous and the same was captured and recorded as part of the minutes.

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

**For SVJS & Associates
Company Secretaries**

**CS. Sivakumar p.
Managing Partner
CP No:2210
FCS:3050**

Kochi
May 16, 2015





Annexure VI

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 remuneration of each director to the median remuneration of the employees for the financial year	MD & CEO- 15.25104353 ED- 14.6797245191884
2.	The percentage increase in remuneration of each Director, CFO, CS in the Financial year	For MD & ED-No increase in Salary as PLI was not paid in 14-15. For CFO- 8.34% For CS- 31.45 %
3.	The percentage increase in the median remuneration of employees in the financial year	The median remuneration of the employees in the financial year was increased by 7.62%
4.	The number of permanent employees on the rolls of the Bank	10981 employees
5.	The explanation on the relationship between average increase in remuneration and Bank performance	The calculation of yearly increase in employee remuneration is done based on IBA settlement. The performance linked incentives are applicable only for Officers in Scale IV and above. Executives are categorized based on roles and cadre with a weightage for Business functions at Branch level. Maximum limit (outlay) of PLI is fixed based on the median basic pay of the respective position. The ex gratia determined for other employees of the Bank are also based on the performance of the Bank made during the financial year.
6.	Comparison of the remuneration of the Key Managerial Personnel (KMPs) against the performance of the Bank	For the Financial year 2014-15, KMPs were paid approx. 0.19 % of the Net Profit of the Bank.

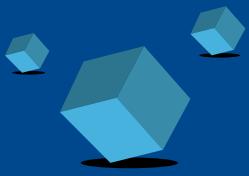




8.	Comparison of the each remuneration of the Key Managerial Personnel (KMPs) against the performance of the Bank	Comparison of remuneration of KMP's against the performance of the Bank MD 0.776075224 ED 0.747002687 CFO 0.191741791 CS 0.190816338
9.	The key parameters for any variable component of remuneration availed by the Directors	The Directors were not paid any variable remuneration during the financial year.
10.	The ratio of remuneration of the highest paid director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year	NIL
11.	Affirmation that the remuneration is as per the remuneration policy	Yes, it is confirmed.







DIGITAL IS ALL ABOUT GROWTH

Digital Technology has a multiplier effect on the economy. By enhancing efficiency and by cutting down on waste, it's making a significant contribution to the bottom lines of many organizations. Banking too is benefitting immensely from this digital boom. At Federal Bank, our absorption of digital technology has led to a visible transformation at all levels. From FedBook to FedNet, our newly introduced digital products are all helping us to remain lean, efficient and more profitable. Yes, growth means only one thing to us. Digitalization.





MANAGEMENT DISCUSSION & ANALYSIS

Global Economic Scenario:

The global economy continued to expand during 2014 at a moderate and uneven pace, as the prolonged recovery process from the global financial crisis was still saddled with unfinished post-crisis adjustments. Despite the slowdown, emerging market and developing economies still accounted for three-fourths of global growth in 2014. Exchange rates across major currencies have changed substantially in recent months, reflecting variations in country growth rates, monetary policies, and the lower price of oil.

Growth in the United States is projected to exceed 3 percent in 2015–16, with domestic demand supported by lower oil prices, more moderate fiscal adjustment, and continued support from an accommodative monetary policy stance, despite the projected gradual rise in interest rates and some drag on net exports from recent Dollar appreciation. After weak second and third quarters in 2014, growth in the Euro area is showing signs of picking up, supported by lower oil prices, low interest rates, and a weaker Euro. And after a disappointing 2014, growth in Japan is also projected to pick up, sustained by a weaker Yen and lower oil prices.

Overall, global growth is projected to reach 3.5 percent and 3.8 percent in 2015 and 2016 respectively, in line with the projections in the January 2015 World Economic Outlook (WEO) Update.

Indian Scenario:

The last year has been a moderately good one for the Indian economy with some change in the macroeconomic parameters and a sustainable turnaround on the cards. As a start, Gross Domestic Product (GDP) growth finally seems to have picked up on the back of a cyclical rebound and some genuine improvement. Growth in the current year, while not spectacular, has moved up firmly into the 5% + handle.

The pick-up in growth seems to be taking place at a time when inflation is on the downtrend as effects of the past slowdown and the massive fall in global commodity prices is filtering through the economy. In India, export growth has been encouraging, and investor confidence has been bettered by the election of a reform-minded government. The current account deficit and elevated inflation—both persistent vulnerabilities—have declined considerably.

Indian Banking Industry:

Indian banks have performed well over the last two decades and shown its strength during the period of stress by being the backbone of Economy. However, going into 2016, with modest growth in the topline revenue of the country, rising cost of regulatory compliances coupled with fresh nontraditional competitions and increased stressed assets resulted in keeping the investors sentiment a bit cautious. During the last year, the policy front of RBI of financial inclusion drive was visible through schemes like "Jan Dhan Yojana", widening banking arena by licensing two new banks and increasing banking penetration by inviting payment banks to the unbanked corners of the country.

Being focused on operational efficiencies as a drive to financial performance, banks continued to simplify operations, seek scale efficiencies, and rationalize their branch networks. While banks' repositioning efforts resulted in the most active period of mergers and acquisitions since 2008, competition remained intense in certain pockets of lending.

During 2014, the Indian banking industry faced major concerns with regards to asset quality led by sharp increase in gross non-performing assets (NPAs) in sectors such as aviation, metals, infrastructure, and power. However, in 2014, most of the banks under coverage have started focusing on comparatively safer segments of retail and small and medium enterprises (SMEs). After going through significant stress in the past three years, banks are expected to show slow but steady improvement in asset quality leading to gradual improvement in earnings in 2015 and 2016.





Review of Bank's Business Performance:

Despite a challenging environment, your Bank recorded strong performance during FY 2014-15 in terms of growth in all key parameters. First time in the history of the Bank, the net Profit crossed ₹ 1000 Cr landmark.

The total Business of the Bank increased by 18.36% to ₹122109.98 Cr for the year ended 31st March 2015. **Gross NPA reduced by one-third over a period of 2 years, bucking Industry trend.**

The Bank's CASA has shown good growth and the retail deposit forms the 95% of the total deposit of the Bank. The Bank's SME segment has grown by 17% during the year. The Bank's focus on building granularity continues to be on track with corporate advances now forming 32% of total advances. The Net Worth of the Bank increased to ₹7738.13 Cr as on 31st March, 2015. The Capital Adequacy Ratio (CRAR) of the Bank, computed as per Basel III guidelines, stands at a very comfortable level of 15.46 % as on 31st March, 2015.

The Bank has posted a net profit of ₹1005.75 Cr for the year ended 31st March, 2015. Total income for the year grew by 8.61% to ₹8297.77 Cr and Other Income grew by 26.58 % to ₹878.31 Cr. Net Interest Margin (NIM) of the Bank stood at 3.27%.

The total deposits of the Bank increased by 18.57 % to ₹ 70824.99 Cr and advances of the Bank stood at ₹51284.99 Cr. CASA of your Bank increased by 17.11% from ₹18401 Cr to ₹21550 Cr. The NRI business of the Bank witnessed robust overall growth of 26% to reach ₹25936 Cr on 31st March, 2015. In advance front, SME has grown from ₹11021 Cr to ₹12918 Cr showing a growth of 17%. Return on Average Assets stood at 1.32% and return on Equity of the Bank is 13.77% now.

With good recovery and arresting slippages, the Bank was able to reduce Gross NPA by 3% to ₹1057.73 Cr from ₹1087.41 Cr. Net NPA increased by 16% to ₹373.27 Cr from ₹321.56 Cr. In percentage terms, Gross NPAs improved from 2.46% to 2.04% (fall of 42 bps), while Net NPAs also improved marginally from 0.74% to 0.73% (improvement of 1 bps). PCR (Provision Coverage Ratio) including written off assets stood at 83.94%.

The Bank continued to expand its footprint and added 73 branches and 126 ATMs during the year to take the tally to 1247 branches and 1485 ATMs as at 31st March, 2015.

Agriculture:

Your Bank is in the forefront to support farmers and espousing various targeted programs to boost lending under Agriculture. Dedicated team of technically qualified officers are available in the field to guide, educate and for empowerment of farmers.

Your Bank is pledged to increase its customer base and Agri Business by offering various customized Agricultural Credit Products including Federal Kisan Credit Card, Agricultural Cash Credit, Medium and Long Term Loans to suit the requirements of the farming community under sectors like plantation, horticulture, land development, irrigation, farm mechanization, hitech cultivation, construction of rural godowns, cold storage, allied activities like dairy, poultry, fishery etc. In its endeavour to achieve excellence in meeting emerging market demand as well as credit delivery, your Bank has made several refinements in various loan products.

With its pan India frame work and customized loan products, agri credit grew from ₹5138.87 Cr to ₹6311.86 Cr thereby registering a growth of 22.83 % in the reporting financial year.

In the coming years also, your Bank has aligned its focus on Agri Business especially to small and marginal farmers with a view to achieve the benchmark stipulated by the RBI. Your Bank is bound to support Government initiatives like "Paramparagat Krishi Vikas Yojana" (Organic Farming), "Pradhanmantri Gram Sinchai Yojana" etc. for improving productivity and water use efficiency to provide 'Per Drop More Crop'.

Priority Sector:

Federal Bank's Priority Sector Advances crossed the prestigious ₹20,000 Cr mark including RIDF. **Priority Sector reached 44.34%, from 36.70% when RIDF added to the portfolio.** Priority Sector Advances grew by 29% in the last FY.

Credit Monitoring:

Federal Bank has got a full-fledged Credit Monitoring Mechanism aimed at independent and focused attention on monitoring of its entire credit portfolio. Credit Monitoring Department (CRMD) at Corporate Office level and Credit Monitoring Cells (CMCs) at each of the Zonal Offices oversee and regulate the credit supervision





processes across the Bank. Constant and regular review of all loans and advances with a view to maintain the health of the portfolio is carried out by the Bank. Loans and advances having stress are identified on a regular basis and corrective measures are adopted without loss of time. The Bank uses its MIS systems extensively for generation of data for monitoring of Credit portfolio. Special Mention Accounts (SMA) are identified and reported to CRILC as per specifications of Reserve Bank of India at prescribed periodicity and the SMA data is used by the Bank for managing its stressed assets book. Review and renewal of Working Capital limits and term loans are conducted regularly.

Fund based and non-fund based limits are separately tracked and overall portfolio health is assessed. Early warning signals are assessed based on set parameters and corrective measures are adopted. Bank is active in Joint Lenders Forum (JLF) meetings, Corporate Debt Restructuring and other types of credit administration mechanisms at industry level. The Bank furnishes credit data to Credit Information Bureaus and also utilizes the bureau information for administration of Credit. Framing of rules of credit and credit underwriting are differentiated and kept independent of the post sanction credit monitoring process which is done as an end-to-end activity to retain and maintain credit health.

Compliance:

A separate and independent department, viz. Compliance Department is functioning in the Bank to ensure the existence and practice of compliance across various levels of the Bank. A well-defined Compliance Policy has been formulated to make compliance function adequately enabled, strengthened and independent. This will also ensure the effective monitoring and co-ordination of the compliance functions in your Bank, which is reviewed periodically, and suitable changes are made to fall in line with the guidelines issued by RBI from time to time. The Compliance Manual which contains the compliance functions of each and every unit in the Bank for their guidance is comprehensively updated to stay contemporary. We have well laid-down procedure and online mechanism to monitor compliance functions. In all branches/offices, Compliance Monitoring Officers have been nominated to monitor the compliance functions. The Compliance Monitoring Officers posted in the zonal offices are duty bound to develop a robust compliance culture in the zone and they are conducting compliance testing at the branches under the zone to ensure strict adherence to statutory / regulatory directives and internal guidelines. We are focusing on employee education through circulars,

frequent contact sessions etc., to sensitize them of the need for a strong compliance culture and also striving to develop a robust compliance culture in the Bank. The department is functioning as focal point for regulators like RBI, SEBI etc., for all compliance related matters.

Corporate Services:

Your Bank is always keen on customer convenience and delight. Branches have been provided with centralized air-conditioning and fine interior that are on par with all good banks in the country. Your Bank, with the purpose of enhancing customer experience has standardized furnishing with spacious elegant customer lobbies. **The elegant facilities at Federal Experience Center at Cochin International Airport are a testimony to the commitment of your Bank in enhancing true customer experience.** The security aspect has been given utmost importance with modern equipment like Close Circuit TV, sensors, and infra-red cameras. Your Bank has started online real time remote security and surveillance of ATM and branches. The Bank is progressively equipping its branches with Fake Note Detectors, Note Sorting machines and Currency Authenticating machines in compliance with Regulatory guidelines.

Corporate Planning:

Going into the details, Corporate Planning Department of your Bank handles Planning, Budgeting, Monitoring, Business Analytics, Cost Management and MIS. **With a significant presence in the country, the Bank has opened 73 new branches and 126 new ATMs in FY 2015 taking the count to 1247 branches and 1485 ATMs.** With proper positioning and careful selection of locations, your Bank continues in its growth trajectory.

With a well-informed team of people, staffed perfectly in specific locations, all of them are aligned in tune with the corporate goals. Federal Digest, the weekly magazine on internal changes and updates on the processes and procedures, successfully performs its job by enlightening the field in all required affairs.

Analytics wing stands as a main driver in identifying the potential residing in our huge information base. By deriving dependable insights from this databank, the wing aims at contributing to the business growth of the Bank. In the present scenario of digital boom, the Bank has strategically refined its efforts by the analytic augmentation.





With the refined Revenue Point Index System in action to measure the performance, field level functionaries are well informed about progress in the desired direction. In addition to the Revenue Point Index System (RPI), the department has been instrumental in providing various reports/scorecards for effective monitoring. These have contributed in growth of your Bank in the desired levels.

This year also your Bank launched an all-inclusive program captioned Federal Mangalyaan -to encourage the teams in achieving the set goals. This program will measure the teams' performance scientifically in terms of numbers in RPI Score card.

As always, the MIS requirements are managed effectively by the MIS wing of the Department. The Cost Management Cell has started adding value and has set promising goals for the coming days. Initiatives carried out by the cell have been helping to keep the costs within a reasonable level. The department plays a key role in the business development of the Bank and is ready to take up further challenges in the coming days.

Financial Inclusion:

The Bank has opened 179 Rural branches in Kerala, Karnataka, Tamil Nadu, Andhra Pradesh, Gujarat, Haryana, Jharkhand, Madhya Pradesh, Maharashtra, New Delhi, Orissa, Uttar Pradesh and West Bengal. These branches are involved in augmenting rural income and improving livelihood by providing micro credit to the villagers to engage in agriculture and productive activities, also encouraging the activities of Self Help Groups and farmers clubs. In order to help the rural population to take empowered financial decisions in their day to day life and to help them save better, your Bank has commenced the program to impart financial education to common masses, members of SHGs, farmers club, villagers etc. in the current year and already conducted 26 classes covering around 1000 individuals. This deep penetration at affordable cost is possible with the effective use of technology.

Your Bank offers "Pradhan Mantri Jan-DhanYojana" (PMJDY) accounts to the general public, a National Mission on Financial Inclusion encompassing an integrated approach to bringing about comprehensive financial inclusion of all the households (specifically weaker section & low income household groups) in the country. Federal Bank has been one of the front runners among private banks in the PMJDY initiative of the Government of India. We have implemented the simplified account opening forms for opening accounts under PMJDY and have opened 2.75 Lakhs PMJDY accounts with an outstanding balance of ₹101.34 Cr.

Pradhan Mantri Jan – Dhan Yojana (PMJDY) has acted as a unique encouraging factor for the public to open bank accounts, as it comes with attractive add-on benefits to the customer like RuPay card, accidental insurance worth ₹1,00,000/- and life insurance worth ₹30,000/- (for PMJDY accounts opened from August 16, 2014 to October 10, 2015).

Federal Bank in collaboration with leading NBFC – MFI, Janalakshmi Financial Services Pvt. Ltd. (JFS) has launched the general purpose reloadable Federal Janajeevan prepaid cards. The initiative to tie up with JFS for tapping the potential of urban financially excluded markets is the first of its kind. JFS, appointed as the Business Correspondent of Federal Bank has issued these co-branded prepaid cards to its micro finance customers in 25 cities in states of Delhi, Haryana, Punjab, Rajasthan, Uttar Pradesh and Uttarakhand. The loan amount sanctioned to the JFS customers is loaded into the Federal Janajeevan prepaid cards of the individual customers. The key features of Federal Janajeevan card is access to essential banking services - account balance inquiry and cash withdrawal, usage at all ATMs and merchant locations accepting Visa Card. These cards are PIN protected with a validity of 2 years, maximum load value of Rs.50,000/- and maximum withdrawal amount per day is Rs.10,000/. We have issued more than 52,730 cards with a total card load amount of nearly Rs.104.52 Cr in a period of one month.

Federal Bank has entered into Memorandum of Understanding (MOU) with CSC E-Governance Private Limited (CSC), a Special Purpose Vehicle of Government of India and appointed CSC as the Corporate Business Correspondent. Aadhaar enabled branchless banking has been implemented in 162 Sub Service Areas (SSA), across all districts in Kerala, catering to the banking needs of 1500 to 2000 households in an SSA. The Village Level Entrepreneurs of Akshaya (State IT mission) in Kerala are the Bank Mitras of Federal Bank in this endeavor. The Sub Service Area project has been launched with a mission to provide hassle free door step banking for every 2000 households.

With an aim to educate the public in rural/semi-urban and urban areas on financial literacy, intelligent borrowing and to save from debt trap by offering preventive and curative credit counseling, Bank has setup 22 Federal Ashwas Financial Literacy Centres, 19 centres in Kerala and one each in Tamil Nadu, Maharashtra and Gujarat. Around 1300 literacy camps were undertaken by these centres during the financial year which has benefitted more than 80,000 people. Those benefitted include members of SHG/JLG groups, Kudumbashree members, local groups and farmers.





In a mission to “catch them young”, we have embarked upon an initiative to impart financial literacy to schools students through the Bank’s rural and semi-urban branches taking the reach to 2012 schools and 63,960 students. The students in the age group of 12-18 are taught the basics of banking and on various financial services through power point presentations, printed comics, role plays, interactions, bank visits, quiz, etc., by the Bank’s experienced bank officials.

Federal Bank bagged the CNBC TV18 Award for Financial Inclusion, IDRBT Technology Award for Financial Inclusion and Skoch Order of Merit for Customer Service and Financial Inclusion during the financial year 2014-2015.

Foreign Exchange Business:

Your Bank undertakes all types of Foreign Exchange Business. As on 31st March 2015, the Bank had two ‘A’ category branches and eighty (80) ‘B’ category branches/offices for handling Foreign Exchange Business. SWIFT connectivity has been extended to the designated branches selectively and SWIFT operations are being centralized to facilitate faster and reliable communication with major banks all over the world.

In the Trade Finance segment, export credit facilities are provided both in rupee and in foreign currency for pre-shipment and post-shipment activities of the exporters. Credit facilities are mainly extended for export of cashew, sea foods, garments, minerals, coir, spices, other food products, leather, rubber, pharmaceutical products, gems and jewellery among others.

Credit facilities, such as Letter of Credit, SBLC, Guarantees etc., extended to import goods mainly comprises of among others, chemicals, timber, raw cashew nuts, paper and electronic items, machinery etc. Your Bank also arranges Buyer’s Credit from overseas banks for import customers at competitive rates.

The Bank conducted regular one-on-one meetings with exporters/importers at Zonal levels to assess the financial position of the units, support additional credit requirements and to strengthen the relationship and also acquiring new relationships. Updates on daily forex market movements are sent to clients on a regular basis.

The Bank has been giving much thrust to the development of Forex Business and is continuously endeavouring to improve the operating skills of the personnel through meetings, interactions and training programmes. Your Bank is also in forefront in conducting FEDAI training programmes for bank fraternity in Kerala.

This enabled the designated branches to improve their operating efficiency substantially. The Bank is fully centralising the Trade Finance operations in 2 centres at Aluva and Mumbai, in a phased manner, to extend timely and efficient service to Forex clients and improve effectiveness of the designated branches. The Bank periodically updates and codifies the RBI/FEDAI instructions applicable for Forex Business, in the form of comprehensive guidelines/circulars for the benefit of its operating staff.

The Bank continues to be a member of the Technical committees of FEDAI on Trade and Remittances and Forex Market/Policy. Your Bank has a Forex Cell attached to Treasury Department at Mumbai catering to all the requirements of the branches. The Bank has published a Citizen Charter for forex facilities and publishes the exchange rate of various currencies on a daily basis in the banks website for the benefit of the public.

Integrated Treasury Operations:

Your Bank’s Integrated Treasury Operations, involve maintenance of Statutory Reserve requirements, Balance Sheet Management, trading in Money Market, Bonds and Debentures, Equity and Foreign Exchange. The Bank has established dedicated and full-fledged dealing desks for various segments like Foreign Exchange, Interbank and Merchant Trading, Currency Futures, Interest Rate Futures, Money Market, Government Securities, Bonds and Debentures, Certificates of Deposit, Commercial Paper, Interest Rate Swaps and Equity in the Bank’s dealing room in Mumbai.

The Bank trades actively Currency Futures on exchanges. The Bank’s capabilities in this area have been augmented at the trading desk level so as to capture all trading opportunities. The bank has also been active in Interest Rate Futures on the exchanges. During the fiscal, your Bank held seminars, workshops and interactive sessions for exporters, importers and gilt account clients. A separate marketing team has been formed at Treasury Department level for marketing various treasury products across the country. The Bank has formed a team for the Financial Institutions business for expanding its treasury and trade activities.

Depending on the requirement, the Bank raises resources in bulk through Certificates of Deposit, for which the Bank has the highest rating of A1+ by CRISIL. The Bank is using various trading platforms like Reuters, D2, FX Clear, BARX, AUTOBAHN, 360T, Citi Velocity and COMMERZ in the dealing room for a better and streamlined trading activity in forex.





The Bank is represented on FIMMDA Board by virtue of the Head of Treasury being one of the twelve Directors of FIMMDA.

Human Resources:

Your Bank, in its journey towards excellence and to become the most admired bank in the industry, is committed to the stakeholders who include the employees, the customers, the shareholders, the investors, the Board and the regulators. As in any progressive organisation, a strong HR set up is the backbone of all activities. The mission of HR is to develop a competent and connected team which understands and strives to achieve the business and individual goals. In this journey, we make sure that every employee is actively and passionately engaged in all the activities of the organisation. Bank takes its best effort to provide state of art facilities, best in the industry remuneration and all opportunities for sound health and perfect work-life balance. To build up a competent and enlightened people power, Bank gives paramount importance to learning and development. We also build progressive workplace, strengthen relationships and encourage harmonious work cultures so as to create a great environment to work in.

Vision of HR:

Fully understanding the need to be the organisation with a people touch, your Bank strives to be the best place to work in where people are passionate and proud about the work they do. The vision of HR is to identify, invest & groom right personnel at right position and to continuously recognize and reward their good performances. HR strives to ensure that each employee feels to be a part of a team that is close knit, supportive and wholesome. HR also envisions to build a well groomed, knowledgeable & competent work force.

HR Structuring:

In order to realign the Bank with the volatility of the business requirements, periodic restructuring and realigning of various portfolios is required throughout the organisation. HR Department facilitates the effective implementation of any restructuring by putting in the right personnel at the right place at the right time and makes its role contemporary, meaningful and innovative. The total Human Capital of the Bank has increased to 10981 after induction of 1064 new entrants in various positions during the financial year. The average age of employees of your Bank is 37 years. The current male female ratio of the Bank is 63:37.

Talent Management:

Your Bank has developed a trusted Talent Management Strategy to attract, develop and retain the fresh and experienced talents in the organization which is mutually beneficial to both the organization and the employees. The HR has redesigned its man power planning function by initiating negotiations with business verticals on the requirement of adequate man power as per the business strategy and the business target from a function based on factual figures of work load in each branch/office. The man power planning and deployment function has been further decentralized to Zones and Network to strategically align with business plans and requirements. HR Team sets targets to be achieved in a calendar year in alignment with business and organizational goals.

Performance Management System:

A structured method of goal setting, periodic review, rating and performance feedback are done through the Performance Management System. Performance Review Management Committee or Talent Review is a platform for a focused, fact based and comprehensive discussion by a panel of higher level executives on Performance, Potential and Development needs of individuals. Assessment and Development Centre exercises were conducted for higher scales to map and measure the potential of each individual for future assignments. All these initiatives have played a greater role in understanding the internal performance levels, skill sets and competencies available and in creating a leadership pool for succession planning based on talent need analysis.

Communication:

The approach to communication of your Bank has been redesigned to suit and manage the changing multi-generational work force, society and cultural sensitivities. Communication plays a crucial role in building a team and keeping the organisation go stronger ahead. Federal Bank gives paramount importance in establishing proper communication and connects within and outside the organisation. Communication channels have been designed and implemented to ensure that the people issues at the bottom level are addressed. Bodhi – the HR Road Show enlightens the key functionaries on the importance of assuming leadership roles and the art of motivating and managing people in the organization. Through BIG Call, every employee gets to reach directly to the Top Team of your Bank. Daily Mail, the daily e-newsletter, motivates and updates the employees about the latest developments in the bank on a daily basis. Darpan, the HR page, takes the employees through all the communications released from HR Department.





Cluster Meetings are organized by Regional Heads to communicate important notifications and announcements. Federal Reach, the quarterly magazine travels to reach the whole big Federal Family, length and breadth across the nation.

Learning & Development activities 2014-15:

Learning & Development activities follow a training calendar approved by Academic Council which focuses on Bank's business priorities and corporate vision. Bank is following a 70:20:10 learning model where 70% of learning happens on the job, 20% happens through research or feedback and 10% through training/learning programs.

Learning & Development focus for 2014-15 were:

- Leadership development programs.
- Talent pool creation.
- Certification programs - internal & external.
- E-learning.

Leadership development programs were designed for different levels of employees to develop a leadership pipeline in the organization. This helped in generating desired attributes which are integrated to various people processes. Focus of the program was to inculcate the leadership qualities in seniors so as to effectively lead a team motivating them and creating a sense of belongingness.

Talent pool creation:

To bring in specialization in various banking activities and to have a ready to deploy pool of experts, talent pool creation was focused in areas like credit, foreign exchange, treasury, and risk and branch management. This was done through external and internal certification programs and also class room programs like "Samrudhi".

Certification Programs-Internal & External:

To develop the capability of people and thereby enhancing organization capability, a process of continuous learning was identified as the right way of imparting knowledge. With this in mind, bank embarked upon various certification programs roping in external

expertise for Foreign Exchange. Officials from selected branches and departments were chosen for an online certification on foreign exchange conducted by one of the world's largest financial E Learning company. These officials are groomed as foreign exchange experts to take forward the Bank's long term business focus in this area. The main highlight of the program is the bi-weekly video conferencing by subject experts which helps the participants to understand the nuances of foreign exchange and to come out successfully in the certification process.

In addition we have launched an **Internal Certification Program (ICP)** developed by internal experts for credit, general banking and risk. The program has three levels -foundation, basic and advanced. Each level is mandated for specific category of employees and is linked to career progression. With this program we expect to bring in more expertise in respective areas in all levels of employees across the organization. More such programs are in the pipe line.

E-Learning:

The focus has been to inculcate a learning culture in the organization. Taking this philosophy in mind, we have designed various E Learning modules for classroom trainings and on-the-job programs. We have used advanced E Learning tools for promoting self-learning inside the organization. The bank has built its learning strategy to facilitate learning process across all levels through weekly online quizzes, internal assessment tests, internal/external classroom trainings, internal certification programs and personalized e-learning modules. Online assessment tests were conducted before and after the training program to measure the effectiveness, new joiners were introduced into a monthly assessment test covering major aspects of banking, helped in linking them to the learning culture of the bank in the initial level of their career itself. **Thus we could create 1,55,000 man hours of learning, roughly works out to average 2 days of class room learning to all employees of the bank.**

Employee Engagement:

Your Bank has adopted strategies for developing engagement, commitment and loyalty which increases collaboration among communities of different profiles of employees and to bring fun at work. Major engagement activities rolled out are aimed at strengthening relationships between team members so that they





can view their workplace more rewarding for the efforts they have put in for the organization. **The Fitness Centre** for a fit team, the **Toastmasters** to mould employees as better speakers & good leaders, the **Stepathlon** to walk miles more closer to fitness, all regional celebrations, sports, national and global observations and activities binds a huge team together. Thus your Bank takes every effort to make each employee feel the ownership and responsibility towards his organisation.

Employee and Industrial Relations:

The industrial relations climate in the Bank during the year stayed amicable and issues were addressed and resolved through mutual discussions. The revised Code of Ethics & Business Conduct was published and implementation of progressive staff accountability has helped in creating positive environment facilitating growth and development within the compliance framework.

Administration & Welfare:

The task of HR is to shift from a largely administrative function to strategic function in order to achieve the organizational objectives. All the strategies of HR are aligned to achieve this objective. Contemporary and innovative HR practices are introduced and existing functions are redesigned aligning with Organization Strategy to achieve the objectives of your Bank. Your Bank has always been in the forefront in reaching out to the employees with the best of the facilities and benefits. Bank has the best of engagement programs and remuneration package and other welfare measures like loans with concessional interest rates for specific purposes. **SMILES** – the employee counselling program, **Pranamam** – the retirees' meet, **Odyssey** – post retirement planning for employees, **Svasti**- the wellness programme for employees, **Talent Time** – program to recognise the budding talents among the children of employees, **Sparsh** – an overall development program for the kids of employees, **FedCradle** – the crèche, **FedClub**–the cafeteria, all goes a long way in taking employees closer to the organisation. Bank was able to develop an improved ESOS calculator to develop proprietary interest among employees. Through **Fedcare** – the health care for retirees; **Retirees Space**- a link in the Bank's website that take a retiree through the essentials after retirement; your Bank make the Retirees' feel special and being taken care of in the Federal Family. To keep the retirees updated, SMSs are being sent from HR – a thoughtful connect between the serving and

the retired Federals. A **Health Awareness Program** in association with Dr. Reddy's Foundation was implemented throughout the Bank. Inter Region Cricket Competitions, Federal Brazuca and Intra-region sports and games activities helped in engaging and involving the employees and to keep their spirits high.

Awards & Accolades:

Recognitions in this journey of excellence encourage us to prove ourselves better than we already are and deliver our best; to surpass our own set standards and create new records. Each award or commendation thus puts a lot of responsibility on the recipients and your Bank, too, is no different. HR Team, while feeling proud on getting accolades, is equally humble and responsive to everyone's need. Bank was honoured with a commendation for its "**Strong commitment to HR Excellence**" at the 5th CII **National HR Excellence Awards 2014**. **Banking Frontiers** conferred the **Best HR & Talent Practice Award in the Private Sector Category** and **Best Star Practitioner Award on the Bank's HR Head**. Asia Pacific HRM Congress Awards 2014 has given the citation of "**CEO with HR Orientation**" to Shri Shyam Srinivasan, MD & CEO of the Bank, and the citation of "**40 Most Talented Leaders**" to the **HR Head of the Bank, Shri Thampy Kurian**. **Federal Reach**, the **in-house magazine of the Bank**, received the prestigious **NIB Awards**. Apart from many more in the HR front, Bank was showered with many other awards and accolades; four **IDRBT Awards in recognition to the IT excellence**, **CNBC TV 18 Award for Financial Inclusion**, **Best Performance Award for the implementation of Prime Minister's Employment Generation Programme (PMEGP)**, **ACI Excellence Award for innovative and transformative uses of technology solutions and many more**.

International Banking:

During FY 15, NRI business of Your Bank witnessed robust overall growth of 26%. Total NRI deposits of the Bank stood at Rs.25936 Cr on 31st March, 2015. The NR CASA grew by 20%. More than 130000 new NRIs joined our NR franchise last year, a growth of about 30% in new customer acquisition. The Abu Dhabi Representative Office and the officers in GCC countries continue to be our main force in bringing new NRI customers to our fold. In addition, last year witnessed increase in the number of accounts sourced through other channels like online account opening mode and through the branch channel.





During FY 15, Reserve Bank of India permitted us to open Bank's second Representative Office outside India at Dubai. Approval of the Central Bank of UAE is awaited.

In November 2014, Bank opened Federal Experience Centre, a world class lounge for HNI customers close to Cochin International Airport. The facilities offered include:

1. 24 x 7 safe deposit locker facility
2. Investment, Life and Health Insurance advisory services
3. Live flight information system
4. Meet & Greet facility for boarding international flights
5. Conference Hall, Library, Kiosk, Tablets for web surfing
6. HD Television, Wi Fi Zone, Play area for children, Refreshments
7. Paid services like Rent a Car, Hotel booking, Tour/Travel package

Risk Management:

An independent risk governance structure, in line with best practices in the industry, has been put in place in the Bank for risk management. Board of Directors approves the risk policies and strategies to establish an integrated risk management framework and control system in the Bank. Risk Management Committee (RMC) of the Board oversees management of various risks implicit in business, systems and processes. Three Executive level committees, the Credit Risk Management Committee (CRMC), Asset Liability Management Committee (ALCO) and Operational Risk Management Committee (ORMC) ensure effective implementation of risk policies of credit, market and operational risks respectively. Risk management framework is subjected to review and upgradation on an ongoing basis, in tune with Regulatory guidelines and leading industry practices. Integrated Risk Management Department headed by a General Manager cum Chief Risk Officer coordinates various risk management functions of your Bank.

Credit Risk Management:

Bank has policies, processes and systems in place, designed in accordance with the regulatory guidelines, to identify, measure, monitor and manage credit risk in its Retail, SME and Corporate

Business and Investment operations. Appropriate credit approval processes, risk mitigation, post- disbursement monitoring and timely remedial actions are part of credit risk management. Loan Policy of the Bank contains operational guidelines documenting the lending philosophy of the Bank, articulating management of diversified credit portfolio, and various aspects of credit dispensation and credit administration. Segment wise and borrower category wise exposure limits fixed by the Bank takes care of the issue of risk concentration. A research team functions within the risk department for analysing various sectors and industries and to capture the up-to-date market information.

Bank rates its borrowers using credit risk rating models developed for each major loan segments. The rating models are subjected to periodic review and testing. As part of the Bank's effort to move to advanced approaches of Basel framework, comprehensive review of the rating models is being undertaken. Bank has procured the rating solution from CRISIL covering both rating models for corporate/SME customers as well as scoring models for retail borrowers. Migration studies and default rate analysis based on the credit risk rating provide input for policy decisions on credit flow, pricing and monitoring of credit portfolios. Credit risk management in the Bank, through its various policies, risk assessing tools and risk mitigating measures ensures robust credit growth with superior asset quality.

Market Risk Management:

Bank has a well-developed framework, comprising Board approved policies and established practices, for management of market risk. Various tools like stress testing, duration, modified duration, VaR, etc. are used to measure and control interest rate risk, liquidity risk and other market related risks. Bank has established an independent on site Mid-Office in Treasury Department, reporting directly to the Head of the Risk Department. The Mid-Office scrutinizes the treasury deals and transactions from the point of view of market risk management. Detailed policies are put in place for the conduct of business exposed to market risk and also for effective management of all market risk exposures. The policies and practices also take care of monitoring and controlling of liquidity risk arising out of its banking and trading book operations.

Asset Liability Management of the Bank in respect of all its assets and liabilities is carried out on a daily basis to eliminate the possibility of any risk eventuality in this area. Base Rate and interest spreads are fixed after careful analysis of market rates and trends,





costs and risk premiums.

Operational Risk Management:

Bank has a comprehensive framework comprising of policies, processes and systems for management and measurement of operational risks. Operational risk is primarily managed by prescribing adequate controls and mitigation measures, which are being reviewed and updated on a regular basis, to suit the changes in business practices, structure and risk profile. Bank is identifying and assessing operational risk and taking proactive and effective steps for managing the same through monitoring of operational risk loss and near miss events, Risk and Control Self Assessment (RCSA) surveys, assessment and rectification of control gaps in products/processes, operational risk assessment of new products/processes before introduction etc.

Compliance with Basel framework:

The Bank has migrated from Basel I norms to Basel II norms as on 31st March, 2009 and Capital Adequacy Ratio is arrived at under the New Capital Adequacy Framework (NCAF). From 1st April 2013, Bank is computing the Capital Adequacy Ratio as per Basel III norms on a quarterly basis. Bank is using Standardized Approach for credit risk, Basic Indicator Approach for operational risk and Standardized Duration Approach in respect of market risk for computation of capital charge under Basel guidelines. Bank is gearing up with data build up and system requirements for migrating to Advanced Approaches at the earliest opportunity.

RBI guidelines on Basel III demand building of capital and liquidity buffers in phases and seeks to enhance the minimum core capital, introduce a capital conservation buffer, and prescribe a countercyclical buffer. Bank has complied with the guidelines for regulatory capital under Basel III norms and is fully prepared for moving on to complete Basel III compliance as per the implementation schedule prescribed by RBI. Your Bank has also complied with the Liquidity Coverage Ratio (LCR) norms as per the Basel requirement. The LCR of the Bank is well above the regulatory minimum requirement of 60%.

Capital Adequacy Ratio:

Capital Adequacy Ratio of the Bank as on 31.03.2015 under Basel III norms stands at 15.46%. Bank's common equity capital level offers good cushion for further expansion and growth in asset

portfolio and compliance with the requirements of Basel III norms.

Capital Management Framework:

Capital management philosophy of the Bank is to operate with an optimum level of capital in relation to its internal risk profile and extant regulatory guidelines, that permits utilization of the existing and emerging market opportunities and ensure optimum level of returns on an ongoing basis.

Bank conducts Internal Capital Adequacy Assessment Process (ICAAP) every year as stipulated by RBI. ICAAP is aimed to ensure that Bank maintains capital commensurate to its risk profile and improves upon its risk management systems and framework on an ongoing basis. It involves realistic assessment of level of risks inherent in the business operations of the Bank and setting aside capital adequate to cover all such risks. Capital planning, in order to ensure that Bank is adequately capitalized for the period ahead and has sufficient buffers to withstand stress conditions, is part of ICAAP.

Business Continuity Plan:

Bank has put in place a comprehensive bank-wide Business Continuity Plan to ensure continuity of critical operations of the Bank covering all identified disasters. In terms of the Business Continuity Plan Policy approved by the Board, Business Continuity Plan (BCP) Committees have been formed in Head Office, Zonal Offices and Branches. A Contingency Management Team (Task Force) has been formed at Head Office, functioning as a Central Crisis Management Team for ensuring business continuity. Bank's Core Banking System, Channels, etc. have undergone periodical Disaster Recovery testing to ensure the capability of the same to handle disastrous situations.

Information Security:

Bank has established a robust information security framework for securing its IT infrastructure and systems. The Bank has an information systems security team functioning at the Head Office, who is responsible for formulation and periodic review of information systems security policies and practices as well as creating the information security awareness among staff and customers of the Bank. **Bank has also received ISO 27001 accreditation for its critical IT areas including Data Centre, DR Site, ATM Switch etc.**





Information & Technology:

This year, your Bank has introduced an innovative Mobile Application, Scan N Pay, for inter-bank fund transfer using the IMPS facility. Scan N Pay won the Banking Frontier's Finnoviti Award 2015.

Scan N Pay:

Scan N Pay makes use of scanning the required information for fund transfer from a QR Code, in a specified format, exhibited by another device or medium. The device can be a mobile in case of an individual customer or a display connected to the POS terminal of the merchant. By making use of IMPS platform provided by NPCI, Fund transfers through Scan N Pay are secured. Transactions happen real time and payment confirmation is received by both Recipient and Payer instantaneously.

Federal Bank has won IDRBT Banking Technology Excellence Awards 2013 - 14 for the following categories:

1. Best Bank Award for Use of Technology for Financial Inclusion Among Mid-Size Banks
2. Best Bank Award for Social Media and Mobile Banking Among Mid-Size Banks
3. Best Bank Award for Business Intelligence Initiatives among Mid-Size Banks
4. Best Bank Award for Best IT Team among Mid-Size Banks

We are receiving the Best IT Team award for the second consecutive year, and the award for Mobile Banking third time in a row.

Card Online Management and Inquiry Tool (COMIT) is a customized product that we developed in order to cater to the demand from the customers for managing the Card parameters suited to their needs. COMIT application enables the customer to block his lost/stolen card instantaneously.

Card Online Management and Inquiry Tool (COMIT) won ACI Excellence Award 2014 for the category "customer service". FedBook, your Bank's electronic pass book, won Finacle Client Innovation Award 2014. FedBook helps customers to view all the transactions in their bank accounts. The application is user friendly, secure and enables real-time access to transactions on a 24x7 basis, which liberates users from the restrictions of business-hours and bank holidays. The FedBook app can be freely downloaded by the customers and installed in their mobile devices. FedBook is made available in 4 platforms i.e. Android, iPhone, Windows, BlackBerry.

Federal Bank won MasterCard Innovation Award 2014 for Mobile Pos (M-PoS) Solution and Debit Card Usage Program.

M-PoS is a convenient Merchant Payment Solution for small and large merchants to enable card payments from customers both in the stores and during home-delivery purchases. M-PoS software incorporates the power and functionality of a traditional POS workstation into a mobile device that allows merchants to service customers anywhere at any time. Mobile POS can be integrated into third party mobile applications that require a card payment process.





Inspection & Audit:

A summary of audit execution of your bank during the year vis-à-vis the audit plan is given below:

Sl. No	Type of Inspection/Audit	Audit Plan	Achievement
1.	Risk Based Internal Audit of branches	725	866
2.	Management Audit Zonal Offices / Departments	18	34
3.	Audit of Regional Credit Hubs and NCH	19	28
4.	Currency Chest	18	21
5.	Management audit of Credit Monitoring Cells	12	16
6.	Management audit of Stressed Assets Management Cells	9	9
7.	FOREX Audits – A & B category branches	78	81
8.	Revenue Audit (offsite)	1129	1132
9.	Gold Loan Audit	1580	1784
10.	Credit Audit (As per disbursal)	-	932
11.	IS Audit of branches/offices by CISA/DISA qualified auditors	295	303
12.	IS Compliance Audit by RBIA Auditors	-	866
13.	Audit of Outsourced Agencies	58	67
14.	Concurrent Audit	259 branches, Treasury Department, International Banking Division and DP Division	

Your bank has adopted a well-defined audit policy which governs its internal audit function. Every activity and every entity of the bank, including subsidiary and outsourced activity, fall within the scope of internal audit. The internal audit function aims to independently evaluate the adequacy, effectiveness and efficiency of internal control, risk management and governance systems in the bank. Inspection & Audit Department reports to the Audit Committee of the Board.

Audit plan, which is aligned with the strategic objectives of the bank, is prepared based on the risk profile of each auditee unit. The audit plan is approved by the Audit Committee of the Board. Various audits are conducted as per the audit plan.

Risk Based Internal Audit (RBIA): Your bank has evolved a Risk Based Internal Audit (RBIA) structure taking into account regulatory guidelines and industry best practices. All branches, except service branches and non-business branches are subjected to risk rating. The frequency of audit is determined on the basis of composite risk rating of the branch, direction of movement of composite risk and volume of advances.

Concurrent Audit: Your bank has put in place a robust Concurrent Audit system covering 61% of deposits and 70% of advances of the bank.

Offsite audit: The offsite audit acts as a continuous monitoring tool and helps the bank to achieve greater level of compliance in all areas of operation. Reports on critical areas are generated and analyzed for taking timely corrective action.

IS Audit: Your bank has a team of CISA certified IS Auditors who conduct the Information System audit. During the year, 185 Chartered Accountants with CISA / DISA qualification were also engaged for IS Audit of branches. All critical IT infrastructure of the bank are subjected to IS audit by information security professionals from reputed external audit firms. Critical information systems are subjected to Vulnerability Assessment and Penetration Testing [VAPT] every quarter.

Your bank's Audit Management System is developed in house. Comment Rectification Unit in Inspection & Audit Department focusses on monitoring progress in rectification of audit comments, thereby enabling timely rectification and corrective action.





Large Corporate Advances:

The Large Corporate Department of your Bank provides comprehensive financial and risk management solutions to clients generally with a turnover of more than ₹500 Cr or with credit requirement of ₹25 Cr and above. As on 31.3.2015 large corporate advances constituted about 31.92% of the total advances portfolio. LCD advances grew by 20% to ₹16588 Cr in FY15 against ₹13873 Cr in FY14. The growth is majorly driven by addition of quality assets in select segments. Positive sentiments in economic environment have also contributed to an extent. With our successful taming of stressed assets to a large extent, and improvement in economic scenario that promises to increase investment activities, we expect to maintain the growth momentum in the coming years as well.

The major objective was to ensure a better asset quality at a decent growth rate. Your Bank has been able to achieve this in FY15 to a great extent. **While there was large increase in NPAs in the industry, we experienced a decline in NPAs due to diligent selection of the borrowers and prudent lending policies in the last 3-4 years.** Credit Risk Monitoring Division for large corporate advances that was set up in FY14 has played a major role to achieve this goal.

In the changing economic scenario, corporate portfolio requires diversified and specialised products and services. To compete with major players, several structural developments have been brought about in the Large Corporate Department in the previous year. These initiatives have already started delivering and we expect a major contribution in business volume and asset quality in the coming years.

The Bank has appointed a specialised dedicated relationship team to offer financial solutions to various categories including large, mid and emerging Indian corporate groups, public sector enterprises, Government bodies, multinational companies and financial institutions. Your Bank will consistently continue to work in this area.

Specialised solutions are being offered to clients after determining specific needs and their credit risk profile within the Bank's broad parameters and policies. Prospective clients are being selected after in-depth analyses. The Bank offers an array of banking products and services covering working capital, term finance, trade finance, specialised corporate finance products, structured financial services, foreign exchange, syndication services and electronic banking requirements of corporate clients.

Specialised debt syndication desk started in FY14 to work with corporate/ SME clients to structure their debt-equity constitution aid them in raising funds. However, syndication and merchant banking activities did not witness a significant increase in FY15

mainly due to the prevailing subdued economic environment.

The loan policy of your Bank has put in place a matrix of industry exposure limits with a view to de-risking the portfolio through diversification. The Bank has stipulated clear threshold exposure criteria which determines the credit rating and guides taking large and new exposures. Prudential ceilings are prescribed for exposure in long-term assets, various sectors and unsecured advances among others. Apart from subjecting each credit exposure to robust risk analysis at several levels, it is also vetted by a Credit Risk Vetting Committee that consists of senior executives.

Legal Compliance:

Legal department of the Bank devises systems and controls that can effectively manage and minimize the legal risks emanating from day to day business transactions of the Bank. Bank has a well laid down system to ensure defect free documentation so as to mitigate the menace of legal risk associated with operational risk. New products and schemes introduced by the Bank invariably undergo legal vetting by the department for ensuring legal compliance. The department is rendering professional and expert advice on various legal issues associated with the Bank. With the strong objective of making the bank a zero customer complaint bank, strenuous efforts are being made to reduce the number of suits/complaints filed against the Bank before different courts/consumer forums.

The fortnightly publication of "Legal Decisions Affecting Banks" circulated by the department based on verdicts rendered by Supreme Court/various High Courts/Tribunals and Educational Series christened as "Legal Spectrum" are very informative and well accepted. Legal Department, a repository of statutes, brings to the notice of offices/branches relevant amendments/modifications made to statutes from time to time. The Department also extends faculty assistance to Federal Knowledge and Development Centre on legal topics. With a view to imparting awareness on latest developments/amendment in law and to strengthen the legal officers of the Bank, the department is conducting Biennial Conference of Legal Officers where legal luminaries address the participants on contemporary topics.

Marketing:

Giving a major thrust to its branding initiatives, the Bank launched a Corporate TV campaign during the year which helped enhance visibility and brand value in key markets across the country. The TV Commercials were aired on all major TV channels pan India cutting across genres. The Bank also ran an intense product campaign during the year focusing on four products, namely, Home Loan, Car Loan, SME Loan and FedBook, which was spread





across a range of media that included Print, Outdoor, Digital, Radio, Cinema & Vernacular TV Channels. The campaign evoked widespread interest among the general public as evident from the spurt in enquiries received through call centre and website, and the 44% sequential growth witnessed in sanctioned value of Home Loans registered during the campaign quarter.

The year also witnessed the Bank leveraging the use of Digital media in marketing Bank's products and services, mainly through Display banners in Target-Group specific desktop and mobile websites. The Bank continued to build on its social media presence in Facebook, Twitter and YouTube, with its fan base in Facebook crossing 4 Lakh as on 31st March 2015.

Leveraging Operations & Processes:

Through carefully centralising various processes, your Bank has always strived to extract maximum output and thereby increase efficiency. Leveraging on better processes and procedures has led to enhanced operational efficiency and service delivery and better compliance culture. During the year, the Bank continued to focus on improving the productivity through automation, reducing the turnaround time and ultimately enhancing customer service. In order to fall in line with the Regulators prescriptions on Know Your Customer norms, the Bank has centralised the process of Customer ID creation and Customer Master Data modification process. The following activities have also been centralised with a view to have more operational convenience, control, and quality in process and for faster customer dispute redressal.

- High Value RTGS/NEFT
- Buyers Credit and Foreign Bank Guarantees
- Inland Bank Guarantees
- Swift Outward and Inward
- Export Trade Finance
- Inward Remittance

Retail Business:

Resident Savings deposits of your Bank has registered a growth of 13% Y-o-Y to reach a figure of ₹9679 Cr and Resident term Deposits has also grown by 13% to reach a figure of ₹27973 Cr, both above the industry growth. Together the total resident retail liability reached a figure of ₹37650 Cr with a 53% share of total deposits. This fiscal targeted acquiring focused segments which includes Youth and Women. Young HNI's have got a gradual

prominence in fresh acquisition. Around 50% of HNI customers acquired last year fall below the age of 40 years. Fresh acquisition has increased to 42%, under woman segment, through various focused programmes. **The Bank has launched an attractive product for children up to the age of 18 named Young Champ.** This is to encourage the young ones to learn the art of saving and investing. Bank has run reconnect and reach out programme to engage more of our existing customers resulting in reactivating 3 Lakh customers shoring up balances of more than ₹300 Cr.

Improving Digital Reach continues to be one of the Bank's major initiatives. Considering the importance of providing easy banking services through digital channel, Bank has introduced several new initiatives in the Digital Payment front. During the year, we have unveiled new version of Internet Banking Service – **FedNet**, loaded with multiple value added services with superior security features and better delivery capabilities. **We have also launched the new version of Mobile Passbook - FedBook which is the first of its kind in the industry.** We have also introduced advanced kiosk banking service at select branches as another digital initiative for banking at ease. During the period under report, usage of channel products in the Bank grew both in registration and usage. Usage of Debit Cards recorded a growth of 47% in numbers. Bank has won Innovation Award- 2014 from MasterCard for its initiatives to promote Debit Card Usage and for introducing Mobile POS service.

As part of promoting usage of banking technology among common man, Bank has enabled various religious institutions across the country for receiving religious offerings through Mobile Banking & Online channels with product christened My Offerings. We have also introduced an innovative online Payment Portal - easypayments - dedicated for Fee collection of various institutions. As on March 2015, the Bank's Fee collection system offers collection solution for 507 educational institutions and a good number of merchants. Bank had run a few loyalty reward and cash back programmes on debit cards throughout the year. **On credit card space, Bank has finalized a co-branded programme with SBI Cards.**

The retail loan book of the Bank reached ₹16135 Cr forming 31% of the total advances of the Bank. Housing Loans continued to be major contributor in retail advances constituting 42% of the total retail loans. The Housing Loan portfolio reached ₹6852 Cr registering a growth of 16%. Auto Loans closed at ₹518 Cr and Gold Loans at ₹3402 Cr. Bank has come out with a special car loan product for women – **She Car**, during the year. As on March 31, 2015, there are 30189 Educational Loans outstanding with balances totaling to ₹703 Cr. During the year, the Bank has intro-





duced a Gold Loan product with EMI repayment option. The Bank has also introduced Vidya Gold – a variant of Gold Loans with attractive pricing, as a seasonal offer to assist customers for meeting educational expenses during the start of academic year. Diva Gold was a unique gold loan product introduced for women customers. During the year, Bank introduced **Fed Rise** – an overdraft facility against Recurring Deposit with rising DP as differentiator, which is first of its kind in the industry.

As a part of using Educational Loan to build relationship with youngsters, **Fedscholars**- an educational loan scheme exclusively for students pursuing courses in reputed institutes in India was introduced. To give insurance protection to the students, the Bank has come out with a customized and simplified insurance offer – **Vidya Suraksha**. Attractive top-up facility was introduced for Home Loan customers. To scale up Housing Project approvals for Home loans across India, several refinements were brought in Bank's project approval policy. The Bank has centralized issuance processes of Housing Loan interest certificate, both provisional and final, so as to deliver the certificates at customer's door step. During the year, the Bank entered into a tie-up with leading portal BankBazaar.com for sourcing Home Loans and scaled up online loan lead generation & conversion programme. Bank has built up capability to approve home loans in 5 minutes and ran a Media campaign- "Home Loan in 5 minutes" giving increased convenience to the customers. This has enhanced visibility for the Bank's Home Loan product and immediate and long term business benefits. The Bank's commitment to underwrite only quality assets and improvement in collection mechanism has resulted in improving the asset quality. We are now ready to consolidate, accelerate and take forward the sales activities of the Bank under a single umbrella across India.

A Cross Selling team has been set up in the Bank to reach out centrally to a larger mass of customers with various need-based products and offers using various analytical models. Becoming a financial super market by offering various need based investment and insurance products has also been an area of priority for the Bank. **A new tie up was initiated with Max Bupa to offer their Health insurance products to the customers.** This was followed by another tie up with IIFL wherein the customers would be offered an Online Trading Platform. The Bank has also tied up with NSDL- Warmount to offer **Ezeewill**, an online Will preparation service which will add a lot of value to customers. In association with Credila, Bank started offering educational loans to the needy students for higher studies.

SME Business:

In the year gone by, your Bank had been in the right path in its purposeful journey for being one of the top SME Banks in the country.

For the first time in the history of your Bank, we could successfully conduct a premier SME Excellence Awards function recognizing SMEs in 27 different segments from all across the country in association with Dun and Bradstreet and Times Group. Honourable minister of state for finance graced the glittering function at New Delhi during last week of November 2014.

Your Bank is one of the few Banks associated with CII Finance Facilitation Centre – a body incorporated for identifying and assisting finance facilitation for eligible SMEs by the Confederation of Indian Industries. The Bank has been active in the area. 'I am SME of India' is a credible industry association – their activity predominant in Faridabad / Ludhiana / Chandigarh belt. Your Bank has entered into an MOU for catering to the varied Banking and related requirements of the SMEs associated with the Association.

Federal Bank is the pioneer Bank in supporting / sponsoring White Label ATMs, thus catering to the requirements of a large population especially in tier 2 and lesser populated centres. The association with the WLA Operators are getting stronger – which will give the Bank added visibility across many focused areas of the country. Continuing the focus on Channel Financing, which the Bank had started the previous year, associations / tie ups with reputed Corporates, viz, M&M – truck division, Tata Motors – Passenger Vehicles, TVS Motors etc. could be established.

A landmark product – Pre Approved loans for SME customers – was introduced during the FY15. This has helped in providing hassle-free spot finance for SMEs interim capital expansion plans. The Special Bill Discounting Scheme to contractors in the state of Kerala, supported by the Government, shows that Federal Bank's pro-activeness in serving hundreds of contractors is unmatched and this holds your Bank in good stead in all related circles.

To mark the Bank's presence in flourishing E-businesses, the Bank has tied up with a couple of E-Commerce service providers, and this will be an ongoing area of attention in improving related businesses. SME Connect programs involving hundreds of SMEs along with who's who from trade and industry bodies and law makers in selected cities in the 5 focus states other than home state were also good successes bringing your Bank credible points in marking the presence.

Many special schemes, for example - buses of educational institu-





tions / She Taxi scheme/ Arthias Scheme in relevant geographies / long term working capital funding etc. were popularized adding traction to the SME flight. Adding Exporters to the Bank's clientele has been a targeted area and your Bank could organize quite a number of Exporters meets getting closer to the group.

SME handbook brought out during the year is expected to add on to the SME conductiveness across Federal Bank. **Your Bank is the one of the nine Banks to get approval for integrating with E-treasury program of Government of Kerala that could accelerate the government business portfolio growth.** The integrated CMS cell has been doing well adding many reputed clientele across the country in payments / collection / cash pickups / Point Of Sales machines / Payment Gateways etc. foreseeing a bright future in the domain.

Service Quality:

The current competitive environment has forced banks to focus on managing customer relationships, and in particular customer satisfaction and customer loyalty. With all banks providing uniform products and services, quality is one aspect that is going to be the decisive factor for the Bank as well as the customer.

Your Bank has initiated a Quality movement with the following objectives

- Ensure standardization of look, feel & customer experience
- Raise the averages at all branches pan-bank with regards to customer experience
- Create system, processes and procedures capable inherently of continuous improvement
- Ensure uniformity and predictability across the Bank's touch points.

A dedicated team has been deployed to create an in-house capability to improve all customer critical processes on the go and ensure that such processes are ever current and ever agile. The team is also equipped with sound measures to evaluate various customer touch points with respect to quality and improve them dynamically. This initiative is expected to yield fruits over the next two years.

Customer Grievance:

	Particulars	31st March 2015
(a)	No. of complaints pending at the beginning of the year	69
(b)	No. of complaints received during the year	4201
(c)	No. of complaints redressed during the year	4208
(d)	No. of complaints pending at the end of the year	62

	Implementation of Awards	31st March 2015
(a)	No. of unimplemented awards at the beginning of the year	1**
(b)	No. of awards passed by the Banking Ombudsman	Nil
(c)	No. of awards implemented during the year	Nil
(d)	No. of unimplemented awards at the end of the year	1**

**1 Award pending from 2012, Appeal rejected by Appellate Authority, case filed in High Court and stay obtained.

Sixty two complaints outstanding were received during the last two weeks of the FY. Out of the complaints, 53% are process related (Fednet and other Channel facilities), 13% loan related, 11% ATM related, 12% deposit related, 5% Ombudsman complaints and 6% related to various other areas. Bank is having a process of root cause analysis of the complaints leading to fine tune processes and to bring corrections wherever necessary.





Stressed Asset management:

The Bank's efforts to better asset quality has resulted by reaching GNPA level of ₹1057.73Cr at the end of FY 2014-15. Gross NPA de-grew by 2.73% and stood at ₹1057.73 Cr as against ₹1087.41 Cr as on 31st March, 2014. Net NPA stood at ₹373.27 Cr as on 31st March, 2015. Gross NPA as a percentage of Gross Advances reduced by 42 bps to 2.04% from 2.46% as on 31st March, 2015. Net NPA as a percentage to Net Advances stood at 0.73% as against 0.74% in FY14. The Provision Coverage Ratio (including technical write-offs) stood at a healthy 83.94%. Total recoveries and up gradations for the period amounts to ₹671.09 Cr.

Over the last two financial years, the Bank managed to reduce GNPA level by ₹ 496.28Cr (from ₹ 1554.01Cr as on 31st March, 2013 to 1057.73 Cr as on 31st March, 2015,) even after having fresh slippages of ₹1336.72Cr for the period.

The Bank managed its NPA portfolio prudently, by considering and exercising options such as SARFAESI Act, compromise settlements, Lok Adalats and DRT.

Provision Coverage Ratio:

As on 31st March, 2015, the Bank held a total provision of ₹ 666.38 Cr. As per the RBI directive, banks should hold minimum provision coverage of 70 % including technically written off accounts. As on 31 March 2015, the provision coverage ratio of the Bank, including technically written-off accounts is 83.94%.

Vigilance:

Bank has a comprehensive "Fraud Risk Management Policy" and "Whistle Blower Policy" which are reviewed and updated from time to time. The Whistle Blower Policy is available in Bank's website and Bank's intranet site. As per the Whistle Blower Policy Directors and employees of the Bank, customers, stakeholders, non-governmental organizations (NGO) and members of general public can lodge complaints/disclosures under the scheme. Vigilance Department of the Bank has the twin roles of investigation of frauds and prevention of frauds. Preventive measures for enhancing awareness of fraud risk and for promoting a culture of compliance among the employees viz. preventive vigilance audits, vigilance workshops, circulation of modus operandi of frauds occurred in banking industry etc. are done. Bank is also promoting customer awareness on frauds especially cyber frauds through different communication channels, as an effective tool in prevention of frauds.

Corporate Social Responsibility:

For Federal Bank, reaching out to people who need assistance is part of the values passed down by the **Founder Shri K P Hormis**. Your Bank is an organisation which believes in socially responsible growth. With a strong CSR policy, Federal Bank tries to make its mark in most of the socially driven projects across the country, especially in the areas of:

1. Promotion of Education
2. Employment enhancing vocational training
3. Social development & Skill Building
4. Healthcare
5. Gender Equality and empowering women
6. Environmental sustainability
7. Promotion of Sports
8. Contributions to armed forces veterans
9. Contributions to Funds
10. Protection of national heritage, art and culture
11. Rural Development Projects

The Bank's activities touch a wider footprint through areas like Women empowerment, Environment sustainability, Political Awareness, and other activities as permitted under Companies Act, 2013, all aimed at creating a meaningful difference in the society where we live and operate in. Your Bank also aims at moulding a responsible generation in its employees who strive for developing sustainable communities.

Federal Bank has made its mark in many activities across various geographies. Some of the major activities during the FY 2015 are as follows:

- **Bandhan - Adoption of schools:** As part of our commitment to make a sustainable difference in the community where we live in, each of our 1214 branches had adopted one school. The future programs that will be launched in the schools would be in the areas of financial education, environment conservation, construction of toilets, sanitation – in line with Swacch Vidyalaya campaign etc.
- **Seed - Student Empowerment for Environment Development:** To build awareness amongst student fraternity to conserve the earth's natural resources, the Bank along with Mathrubhumi launched the 'Seed' programme. Various work-





shops were held across different centers in Kerala to promote awareness and green living among students and through them the society as a whole, 7500 schools were covered under the Seed program.

- **Palathulli - Rain water Harvesting:** Federal Bank joined hands with the leading Media house Malayala Manorama in sponsoring the flag ship Program "PALATHULLI" as part of CSR initiative. The program envisages educating the public on the scientific methods suggested by experts and practical ways employed by farmers for water conservation and rain water harvesting.
- **Plastic Exchange Counter at Pamba in Sabarimala:** To protect the holy Sabarimala temple in the midst of forests, the natural abode of a variety of wild life species from plastic menace, Federal Bank opened a Plastic Exchange Counter at Pamba in Sabarimala aimed at serving the pilgrims by collecting the plastic covers and used bottles from them and handing over to them Eco Friendly bags specially designed for their use, free of cost.
- **Eradicating Poverty - 'Bhoomigeetham' A Musical Harmony for the Landless:** Federal Bank sponsored the Bhoomigeetham programme, a function in connection to raise fund for the landless in Kochi city on August 31, 2014.
- **AIDS awareness Stamps – Keraleeyam for rehabilitation of HIV child victims:** The Bank supported the organisation Global Kerala Initiative - Keraleeyam, an NGO, working for the rehabilitation of the neglected and orphaned HIV positive children in printing stamps to sell in CBSE Schools in Kerala during 2013-14 academic year.
- **Aluva Master Development – Socio Economic Development "Transforming a society":** Federal Bank along with Aluva Municipal Council and Well Wishers of Aluva is keen to develop Aluva into a world class city delivering high quality of life to its residents; that is able to adapt to climate change, while protecting its unique heritage. The objective is to make a visible transformation in Aluva by undertaking participatory projects with the Municipal Corporation especially in the area of waste management
- **Financial Education through Employee Participation - Promoting Education:** To educate the public on the importance of Banking and new technological products a project was launched wherein employees set up stalls in Melas, Festivals and impart Financial Education to the public. The stalls were set up in different locations in India
- **Chennai Coastal Clean Up:** 'Chennai Coastal Clean Up' is a social event organized by Chennai Trekking club in association with Federal Bank. The event primarily sets out a target for the quantum of garbage to be picked up and accordingly the city

beaches are segregated into zones.

- **"Awareness for Life" – A initiative of Federal Bank in association with Dr Reddy's Foundation for Health Education:** The Federal Bank with Dr Reddy's, one of the largest pharmaceutical companies in India, conducted Health Awareness workshops at different places in India to increase awareness about illnesses, early detection and prevention and transform healthcare of general public.
- **Promoting Gender Equality and Empowerment of Women- Joint initiative of People's Council for Social Justice with Federal Bank:** PCSJ along with Federal Bank launched a yearlong program for promoting gender equality and empowerment of women, children and destitute etc. The focus of the program is to implement Millennium Development Goals which has been accepted in the CSR strategies too.
- **'Care for Her' by RED FM 93.5 in association with Federal Bank:** 'Care for Her,' an initiative started by RED FM 93.5 in association with Federal Bank, is a hair donation programme towards wig making for patients undergoing chemo treatments for cancer.
- **"Federal Bank Presents Thamosama Jyothirgamaya.... from darkness to light":** This year on 3rd December 2014, the World Disability Day, SRVC (Society for Rehabilitation of the Visually Challenged) with Federal Bank organized a mega music and dance concert involving international artists and senior celebrities to raise funds for developing more facilities to replicate skill development and rehabilitation activities which have been tested and tried successfully.
- **Promoting education on Road Safety: Road safety week, Chennai:** Chennai City Traffic Police in association with Federal Bank conducted the 26th Road Safety Week during the period from January 11 to January 21, 2015 involving various activities such as Signature Campaign, Helmet Campaign, Rally/ Human chain, Painting competition etc.
- **Kitchen Garden for Healthy Living, vegetable farms for Kudumbasree unit - an initiative of Rotary Inner Wheel District 320:** Federal Bank along with inner wheel organized seminars on vegetable farming with the help of Kudumbasree units in Kerala.
- **Focus on Employee Social responsibility – Activities held on Founder's Day with participation of employees:** Many welfare projects were successfully completed with the active participation of employees across the country on Founder's Day.





Federal Bank Hormis Memorial Foundation

Federal Bank Hormis Memorial Foundation Trust, a trust formed under the stewardship of the Bank has been providing scholarships to needy students for pursuing professional courses for the last many years. **Last year the trust offered assistance to 100 meritorious students, 20 students each in the categories – Medical, Engineering, BSc (Agri), BSc. (Nursing) & MBA.** In the sidelines, the Foundation under the patronage of Federal Bank hosts a popular series of annual lectures by eminent personalities on contemporary issues of relevance for general enlightenment and edification of the masses. Some of the eminent speakers included C Rangarajan, P Chidambaran, Shri Arun Shourie, Shri. Arun Jaitley, Shri. M. Damodaran, Shri. N. R. Narayana Murthy et al.

Bank has launched a state-wide student debating competition in Kerala called Federal Bank – Speak for Kerala, under the auspices of Federal Bank Hormis Memorial Foundation Trust. This youth engagement initiative, which lasted for two months, provided platform for the college students in Kerala, right from the block level upwards, to show case their reasoning talents that take them forward in the path of self development. The winner of the Grand Finale was awarded with the "Federal Bank – Kerala Youth of the Year 2015' Trophy, Scholarship worth Rs. 3 Lakh and cash prize of ₹50,000. The Runner up got Cash Prize of ₹50,000.





CORPORATE GOVERNANCE

(Forming part of the Directors' Report for the year ended 31st March 2015)

Corporate governance is essentially a set of standards, systems, and procedures aimed at effective, honest, transparent, and responsible management of a company within the applicable statutory and regulatory structures. This Code represents a set of desirable, if not necessarily ideal, corporate-governance practices to be adopted by the Bank. The Code takes into account the relevant statutory and stock-exchange listing requirements and Reserve Bank of India (RBI) directives and other guidelines under the Companies Act, 2013. The efficacy of the Code lies in how well it is put into practice. In adopting the Code, the stress should be on its substance and spirit rather than on its form.

Corporate Objective of The Bank

Good corporate governance practices help to support and strengthen corporate actions aimed at achieving the corporate objective. The Bank's principal corporate objective, like that of any corporate business entity, is to perpetuate its business while protecting and enhancing, over the long term, the value of the investments of its shareholders in the Bank.

The Code of Corporate Governance and Code of Conduct for the Board of Directors and Management was last amended in the Board Meeting held on 15.01.2015, incorporating the amendments in the provisions of Companies Act, 2013 and Listing Agreement. A copy of the Code is available on our Bank's website.

Board of Directors

The composition of the Board of Directors is governed by the Banking Regulation Act, 1949, RBI regulations, the Companies Act, Listing Agreement, and the Code of Corporate Governance adopted by the Bank. The Board comprises of 10 Directors, as on 31.03.2015 with rich experience and specialized knowledge in various areas of relevance to the Bank, including banking, accountancy, economics, MSME, finance, SSI, industry, agriculture, and information technology.

Dr. M Y Khan, ceased to be a member of the Board of the Bank w.e.f 24.06.2014.

Ms. Shubhalakshmi Panse was appointed as an Independent Director by the Board of the Bank with effect from 29.04.2014 and as approved by the shareholders at the last Annual General Meeting. With the induction of Ms. Shubhalakshmi Panse as a Director on the Board of the Bank, the Bank has now two Woman Directors on the Board.

Excluding MD & CEO and ED, all other members of the Board are Non-Executive and Independent Directors.

Mr. Shyam Srinivasan, MD & CEO of the Bank was appointed as the Director of the Bank at the Annual General Meeting held on 17th July 2014. All the other eight Independent Directors of the Bank were appointed as Independent Directors for a period of three years except Prof. Abraham Koshy who was appointed for a period of one year with effect from the date of Annual General Meeting held on 17th July 2014, or till his retirement as per Banking Regulation Act, 1949, whichever is earlier.

No relationship exists between the Directors of the Bank.

Mr. Shyam Srinivasan, MD & CEO of the Bank is liable to retire at this AGM as per the Companies Act, 2013.

Nine Board Meetings were held during the Financial Year ended March 31, 2015. The dates of Board meetings were April 29, 2014, June 14, 2014, July 16, 2014, September 12, 2014, October 16, 2014, November 21, 2014, January 15, 2015, February 14, 2015 and March 19/20, 2015.

Attendance Details of the Board meetings of the Directors as on 31.03.2015 is given below.

Name of Director	No of Board Meetings attended/held during the year 2014-15,	Attendance at Last AGM held on 17.07.2014
Prof. Abraham Koshy ⁺	9/9	Present
Mr. Shyam Srinivasan	9/9	Present
Dr. M.Y. Khan*	1/9	Absent
CA. Nilesh S Vikamsey	9/9	Present
Mr. Sudhir M Joshi	9/9	Present
Mr. K M Chandrasekhar	9/9	Present
Mr. Dilip G Sadarangani	9/9	Present
Mr. Harish H Engineer	9/9	Present
Ms. Grace Elizabeth Koshie	9/9	Present
Ms. Shubhalakshmi Panse #	8/9	Present
Mr. Abraham Chacko ^{\$}	9/9	Present

+ Prof. Abraham Koshy retired as Director from the Board of the Bank w.e.f 18th May 2015

\$ - Mr. Abraham Chacko, Executive Director of the Bank retired as Director from the Board of the Bank w.e.f 01 May 2015





*Dr. M Y Khan ceased to be a director w.e.f. 24.06.2014

Ms. Shubhalakshmi Panse was appointed as Additional Independent Director w.e.f. 29.04.2014

Note:

1. None of the Directors of the Bank were members in more than 10 committees nor acted as Chairperson of more than 5 committees across all Public Limited Companies in which they were Directors.
2. None of the Independent Directors of the Bank held directorship in more than seven Listed Companies.
3. None of the Whole Time Directors held directorship in more than three Listed Companies.
4. None of the Director of the Bank is related to any Director of the Bank.
5. None of the Director has any business relationship with the Bank.
6. None of the Director has received any loans and advances from the Bank during the year.

Name of the Director	Name of the Company (Directorship in other Indian Public Limited Companies)	Name of Committees in other Indian Public Limited Companies*	Chairman/ Member in other Indian Public Limited Companies
Prof. Abraham Koshy +	Malayala Manorama Printing & Publishing Co.	Nil	Nil
	Fedbank Financial Services Ltd.	Nil	Nil
CA. Nilesh S Vikamsey	IIFL Holdings Limited	Audit Committee	Chairman
	India Infoline Finance limited	Audit Committee	Chairman
	SBI Life Insurance Company Ltd	Audit Committee	Chairman
	IIFL Wealth Management Ltd	Audit Committee	Member
	Navneet Education Ltd	Audit Committee	Member
	India Infoline Limited	Audit Committee	Chairman
	IIFL Reality Limited	Audit Committee	Member
Mr. K M Chandrasekhar	Nil	Nil	Nil
Mr. Sudhir M Joshi	Cyber Tech Systems & Software Ltd.	Audit Committee	Chairman
		Grievance Committee	Chairman
	Clearing Corporation of India Ltd	Audit Committee	Member
		Grievance Committees	Member
	National Securities Clearing Corporation Ltd.	Nil	Nil
Mr. Dilip G Sadarangani	Fedbank Financial Services Ltd	Audit Committee	Member
Mr. Harish H Engineer	Barclays Investments and Loans (India) Ltd	Subsidiary Audit Committee	Member
	Infrastructure Leasing and Financial Services Ltd	Audit Committee	Member
	Navin Fluorine International Ltd	Nil	Nil
Ms. Grace Elizabeth Koshie	Firstsource Solutions Ltd	Nil	Nil
	World Vision India	Nil	Nil
Ms. Shubhalakshmi Panse	IL&FS Financial Services Ltd	Audit Committee	Member
	L&T IDPL	Audit Committee	Member
	Chola MS General Insurance Ltd	Audit Committee	Member
	KSK Energy Ventures Ltd	Audit Committee	Member
	Atul Ltd	Nil	Nil
Mr. Shyam Srinivasan	IDBI Federal Life Insurance Company Limited	Audit Committee	Member
	Indian Institute of Banking and Finance	Nil	Nil
	Fed bank Financial Services Ltd	Audit Committee	Member
Shri .Abraham Chacko \$	Nil	Nil	Nil

+ Prof. Abraham Koshy retired as Director from the Board of the Bank w.e.f 18th May 2015

\$ - Mr. Abraham Chacko, Executive Director of the Bank retired as Director from the Board of the Bank w.e.f 01 May 2015





*As per Clause 49 of the Listing Agreement memberships/chairmanships of Audit and Investor's Grievance, Share Transfer and Stakeholder Relationship Committees of all Public Limited Companies are given above.

Board of Directors

All the matters included in the Agenda for discussion in the Board/ Committees of Board are backed by comprehensive background information to enable the Board/Committee to take informed decisions. Agenda papers are generally circulated in advance prior to the meeting of the Board/Committee. Also the Board/Committee agenda contains the Action Taken Report of the directions taken at previous meeting. The members of the Board exercise due diligence in performance of the functions as Directors of the Bank and follow highest degree of business ethics, transparent practices and code of good governance amidst cordial environment. The Board of Directors of the Bank also periodically reviews the compliance report of all laws applicable to the Bank and steps are being taken by the Bank to rectify any instances of non-compliances. The Board of the Bank also ensure that proper plans are put in place for orderly succession of appointment to the Board and to senior management of the Bank.

The Board consists of not less than 51% of Board of Directors as Non-Executive Directors with atleast one Woman Director. The Board consists of at least one third of Directors as Independent Directors and the Chairman of the Board is a Non-Executive Independent director.

Remuneration to Directors

Mr. Shyam Srinivasan, MD & CEO, was paid Rs.78,77,905.40(gross) and Mr. Abraham Chacko (Executive Director) was paid Rs.83,80,153.82 (gross), as remuneration for the year in accordance with the terms and conditions approved by Reserve Bank of India and the shareholders. During the year there were no variations in the terms and conditions of remuneration already drawn by Mr. Shyam Srinivasan and Mr. Abraham Chacko, for which RBI approval was already obtained.

- No pecuniary relationship exists for Independent Directors/ Non-Executive Directors vis-à-vis the Bank, other than payment of sitting fees/ for Board/Committee meetings/ monthly honorarium during the year as per law. The Independent Directors of the Bank also had no pecuniary relationship with the Bank, its subsidiary or associate company or their promoters or directors during the two immediately preceding financial years.
- The criteria of making payments to Independent Directors/ Non-executive Directors of the Bank are contained in the Banks Code of Corporate Governance which is disclosed on the Bank's website, the web link to which is : <http://www.federalbank.co.in/our-commitments>

⁺ Prof. Abraham Koshy retired as Director from the Board of the Bank w.e.f 18th May 2015

^{\$} - Mr. Abraham Chacko, Executive Director of the Bank retired as Director from the Board of the Bank w.e.f 01 May 2015

^{*} As explained earlier in Page 28 & 35.

The Non Executive Directors are paid sitting fees as per the provisions of Companies Act, 2013 and as per the Lisiting Agreement as indicated below

SI. No	Name of Directors	Sitting fee paid to Independent Directors for FY 2014-15
1.	Prof. Abraham Koshy*	₹18,82,500.00
2.	Ms. Shubhalakshmi Panse	₹15,50,000.00
3.	CA.Nilesh S Vikamsey	₹15,30,000.00
4.	Mr. Sudhir M Joshi	₹25,30,000.00
5.	Mr. K. M. Chandrasekhar	₹14,60,000.00
6.	Mr. Dilip G Sadarangani	₹18,00,000.00
7.	Mr. Harish H Engineer	₹16,20,000.00
8.	Ms. Grace Koskie [§]	₹16,90,000.00
9.	Mr. M Y Khan	₹80,000.00
Total		₹1,41,42,500/-

*Prof. Abraham Koshy, Chairman of the Board is being paid sitting fees for attending Board /Committee meetings in addition to an amount of ₹1.25 lakhs per month as honorarium, as approved by the Board and RBI.

The details of remuneration paid to Mr. Shyam Srinivasan, MD &CEO and Mr. Abraham Chacko, Executive Director during the FY 2014-15 are as under:

	Mr. Shyam Srinivasan MD & CEO (Rs)	Mr. Abraham Chacko Executive Director (Rs)
Basic Pay	69,99,960.00	64,99,980.00
House Rent Allowance	Nil	16,80,000.00
Provident Fund (Employer Contribution)	6,99,996.00	Nil
Servant Wages	60,000.00	Nil
Drivers Wages	Nil	1,80,000.00
Subscription to periodicals	Nil	Nil
Medical Expenses	1,17,949.40	20,173.92
Premium on Mediclaim Policy	Nil	Nil
Leave Travel Concession	Nil	Nil
Bonus/Ex-gratia/Others *	Nil	Nil
Total	78,77,905.40	83,80,153.82





The Board of Directors in the year 2014, approved the grant of 641375 equity shares of Rs 2/- each to Shri. Shyam Srinivasan, MD & CEO of the Bank, to be granted over 4 years from 2015 to 2018, with 160345 (One lakh Sixty thousand Three hundred and Forty five only) shares per year @ Rs 124 per share for which RBI approval was obtained vide letter DBR. Appt. No.14448/08.38.001/2013-14 dated March 30, 2015

Though the Board had offered 25,65,500 shares of ₹ 2/- each as ESOS to Shri. Shyam Srinivasan has decided to accept only one fourth of the shares offered and gave back the rest into the ESOS pool to be distributed to the employees for the grant 2014 also.

Considering the performance of the Bank in FY 14 PLI was foregone by MD and ED.

Appointment of Independent Directors, Criteria of Independence and Tenure of Independent Directors

At the time of appointment of Independent Directors a formal letter is being issued by the Bank to the appointee Director specifying the terms and conditions of his/her appointment. The terms and conditions of appointment of Independent Directors of the Bank are disclosed on the website of the Bank and the web link to it is given below:

<http://www.federalbank.co.in/shareholder-information>

All the Independent Directors of the Bank satisfy the criteria of Independence as contained in the Banking Regulation Act, 1949, RBI Regulations, Companies Act, 2013 and as per the Listing Agreement. The present tenure of Independent Directors of the Bank is subject to Regulation 10 A of the Banking Regulation Act, 1949 and also subject to the tenure fixed for appointment of all the Independent Directors of the Bank by the shareholders, Board and as done in last Annual General Meeting of the Bank, whichever is earlier.

During the Financial Year 2014-15 only one director, Ms. Shubhalakshmi Panse was appointed as the Independent Director of the Bank.

Separate meeting of Independent Directors and Familiarization Programme

A separate meeting of the Independent Directors of the Bank was held on 15.01.2015 to review the performance of the management during the year. In the meeting of Independent Directors, evaluation of the performance of non-independent directors of the Bank, the Board and the review of the performance of the Chairperson of the Bank were also considered. The meeting also assessed the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties. All the Independent Directors were present at the meeting.

The Bank familiarizes the Independent Directors with their roles, rights and responsibilities in the Bank at the time of appointment and also on a continual basis. The Bank familiarizes the Independent Directors with the nature of the industry in which the Bank operates, business models and other important matters relating to Bank's business. The details of the familiarization programme are disclosed in the Bank's website:

<http://www.federalbank.co.in/shareholder-information>

Directors' Shareholding Including Shareholding of Non-Executive Directors of the Bank

Name of the Director	No. of Shares held as on 31-03-2015
Prof. Abraham Koshy ⁺	5000
Mr. Abraham Chacko ^{\$}	5000

Employees ESOS

The Bank has granted 55,78,225 equity shares of face value of ₹ 2/- each during the FY 2014-15 to its employees under ESOS.

Audit Committee

The Audit Committee consists of four Non-Executives, Independent Directors, chaired by CA. Nilesh S Vikamsey, a Non-Executive Independent Director. The Committee was re-constituted once in the financial year 2014-15. The members of the Committee are CA. Nilesh S Vikamsey, Mr. Dilip G Sadarangani, Ms. Grace Koshie and Ms. Shubhalakshmi Panse who are Non-Executive Independent Directors. Dr. M Y Khan ceased to be a member of the Committee w.e.f. 24.06.2014. Ms. Shubhalakshmi Panse was nominated as a member w.e.f 26.06.2014.

The constitution of the Committee is in compliance with the regulatory requirements.

The terms of reference of the Audit Committee and incorporated in the Bank's Code of Corporate Governance, are in accordance with the listing agreements entered into by the Bank with Stock Exchanges where the Bank's shares are listed, Companies Act ,2013 and RBI guidelines. The terms of reference of the Committee are:

- a. Review the company's financial and risk-management policies, and, where necessary, recommend changes for the Board's approval.

⁺ Prof. Abraham Koshy retired as Director from the Board of the Bank w.e.f 18th May 2015

^{\$} - Mr. Abraham Chacko, Executive Director of the Bank retired as Director from the Board of the Bank w.e.f 01 May 2015





- b. Review periodically the adequacy of internal control systems with the management and external and internal auditors to , assure itself that the systems are being effectively observed and monitored, and, where necessary, approve changes or recommend changes for the Board's approval;
- c. Review the adequacy of the internal audit function, including 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;
- d. Discuss with the head of the internal audit function any significant internal audit findings and follow-up thereon;
- e. Review the findings of any investigations by internal auditors or vigilance officials into actual or suspected fraud or irregularity or a failure of internal control systems of a material nature, and convey to the Board any comments of the Committee or action initiated by it on the findings, to the extent not covered by the Committee of Directors for reviewing large value fraud;
- f. Review 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;
- g. Recommend to the full Board for shareholders' approval, the appointment, reappointment, removal, or replacement of the 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;
- h. Approve the terms of engagement of the services of the external auditors for rendering any other professional services to the Bank and the fee therefore;
- i. Discuss with the external auditors, before they commence the audit, the nature and scope of the audit, and ensure coordination where more than one audit firm is employed;
- j. Review the draft annual, half-yearly, and quarterly financial statements with the external auditors and the management before submission to the Board for approval, such review focusing primarily on:
 - any changes in accounting policies and practices;
 - major accounting entries based on the management's judgment;
 - significant adjustments arising out of audit;
 - compliance with the applicable accounting standards;
- compliance with stock exchange and legal requirements, and RBI guidelines and directives, concerning financial policies and statements;
- to review the company's statement on internal control systems prior to endorsement by the Board;
- the going-concern assumption;
- any related-party transactions, i.e., transactions of the Bank of a material nature with the Directors, senior executives, their relatives, or associated concerns, that may potentially conflict with the Bank's interests at large; and
- any qualifications in the draft audit report;
- matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (5) of section 134 of the Companies Act, 2013.
- k. 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.)
 - The auditors' report on the annual, half-yearly, and quarterly financial statements,
 - 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, andThere was separate review by an Independent Auditors firm and no adverse comments are there in respect of the internal control and reporting systems and procedures.
 - The auditors' long-form audit report and management letter and the management's response, and
 - 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;
- l. 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;
- m. 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 limit of the Committee, and the management's response thereto;





- n. to review the functioning of the Whistle Blower mechanism;
- o. approval of appointment of CFO (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;
- p. approval or any subsequent modification of transactions of the company with related parties;
- q. valuation of undertakings or assets of the company, wherever it is necessary;
- r. evaluation of internal financial controls;
- s. monitoring the end use of funds raised through public offers and related matters;
- t. 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 utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- u. review and monitor the auditor's independence and performance, and effectiveness of audit process;
- v. valuation of undertakings or assets of the company, wherever it is necessary;
- w. to consider and approve omnibus transactions with respect to Related Party Transactions;
- x. 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 Company Secretary of the Bank acts as the Secretary to the Committee.

The Audit Committee met 9(nine) times during the year and the dates of meetings were April 23, 2014, April 29, 2014, June 26, 2014, July 16, 2014, September 11, 2014, October 16, 2014, December 11, 2014 , January 15, 2015 and February 24, 2015.

Attendance Details are given below.

Name of the members	No of meetings attended/held during FY 2014-15
CA. Nilesh S Vikamsey	9/9
Mr. Dilip G Sadarangani	9/9
Ms. Grace Elizabeth Koshy	9/9
Ms. Shubhalakshmi Panse#	7/9

Ms. Shubhalakshmi Panse was nominated as a member of the committee w.e.f.26-06-2014 on reconstitution of the committee.

Nomination, Remuneration, Ethics and Compensation Committee

The Committee is chaired by CA. Nilesh S Vikamsey (Independent Director) consists of Prof. Abraham Koshy and Mr. Sudhir M Joshi (Independent Directors) as members. The Committee was reconstituted once in the financial year 2014-15. All the members of the Committee are Non Executive Independent Directors. Mr. Sudhir M Joshi was nominated as a member of the committee w.e.f. 14-06-2014 on reconstitution of the committee.

The constitution of the Committee is in compliance with the regulatory requirements.

The terms of reference of the Committee are:

- a. 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;
- b. review, 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;
- c. recommend to the Board, candidates for election (including re-election) or appointment (including reappointment) to the Board.
- d. carrying out evaluation of every director's performance and of the Board as a whole as per Companies Act,2013;
- e. recommendation to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- f. the Committee shall ensure the following while formulating the policy on the aforesaid matters:





- (i) 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 company successfully;
 - (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
 - (iii) 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.
- g. Formulating and determining the Bank's policies on remuneration packages payable to the Directors and key managerial personnel including performance/achievement bonus, perquisites, retiralts, sittng fees.

h. Considering grant of Stock Options to employees.

- i. Reviewing the composition of the existing Committees of the Board
- j. 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;
- k. Formulation of criteria for performance evaluation of Independent Directors and the Board;
- l. 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;
- m. Developing and recommending to the Board the Corporate Governance guidelines applicable to the Bank for incorporating best practices from time to time;

The Bank is having a compensation policy formulated in accordance with the RBI guidelines and Companies Act, 2013.

The Committee met 4 (Four) times during the year and the dates of meetings were April 28, 2014, August 07, 2014, September 11, 2014 and December 04, 2014.

Attendance Details are given below.

Name of the members	No of meetings attended/ held during FY 2014-15
CA. Nilesh S Vikamsey	4/4
Prof. Abraham Koshy +	4/4
Mr. Sudhir M Joshi *	3/4

*Mr. Sudhir M Joshi was nominated as a member of the committee w.e.f. 14-06-2014 on reconstitution of the committee

Investor Grievance, Share Transfer and Stakeholders Relationship Committee

The Committee is chaired by Mr. K M Chandrasekhar (Independent Director), consists of CA. Nilesh S Vikamsey, (Independent Director) Mr. Shyam Srinivasan, MD & CEO of the Bank & Mr. Abraham Chacko, Executive Director, as members.

Mr. Girish Kumar. G, Company Secretary, functions as the Compliance Officer.

The constitution of the Committee is in compliance with the regulatory requirements.

The terms of reference of the Committee are:

- a. review, where necessary, complaints received from shareholders or others regarding transfer 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;
- b. 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
- c. approve or reject applications for transfer/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.
- d. to oversee and review all matters connected with transfers, transmissions, dematerialization, rematerialisation, splitting and consolidation of securities issued by the Bank;
- e. to oversee the performance of the Registrar and Transfer Agent of the Bank
- f. recommends measures for overall improvement in the quality of investor services;

The Committee met 15 (Fifteen) times during the year and reviewed and redressed the complaints received from shareholders. The dates of Committee meetings were April 22, 2014, May 14, 2014, June 02, 2014, June 18, 2014, July 09, 2014, July 24, 2014, August 06, 2014, August 25, 2014, September 19, 2014, October 29, 2014, November 27, 2014, December 15, 2014, January 15, 2015, February 05, 2015, and February 28, 2015.

The Bank attended to the complaints promptly and to the satisfaction of the shareholders. All the share-transfer applications received up to 31st March 2015 have been processed.

+ Prof. Abraham Koshy retired as Director from the Board of the Bank w.e.f 18th May 2015





Complaints 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	54	54	Nil

Attendance Details are given below.

Name of the members	No of meetings attended/ held during FY 2014-15
Mr. K M Chandrasekhar	15/15
CA. Nilesh S Vikamsey	15/15
Mr. Shyam Srinivasan	15/15
Mr. Abraham Chacko ^{\$}	15/15

Credit, Investment And Raising Capital Committee

The Committee is chaired by Mr. Sudhir M Joshi (Independent Director) and, consists of Mr. Harish H Engineer , (Independent Director) , Mr. Shyam Srinivasan, MD & CEO of the Bank and Mr. Abraham Chacko, Executive Director as members. There was no re constitution in the financial year 2014-15.

The terms of reference of the Committee are:

- consider proposals for approval, renewal, or modification of various types of funded and non-funded credit facilities to clients within such authority as is delegated to the Committee by the Board from time to time.
- monitoring of the exposures (both credit and investment) by the Banks, review of the adequacy of the risk management process and upgradation thereof, internal control systems and ensuring compliance with the statutory / regulatory framework.
- review top 100 borrowing accounts of below Rs.5 crore in each category of NPA i.e. substandard/doubtful/loss.
- review Credit proposals sanctioned by MD & CEO/ Executive Director/ General Manager(s).
- ensure that Compromise proposals/bad debts written off are made with the approval of MD & CEO/ Executive Director.

The Credit Committee & Investment and Raising Capital Committee met 17 (Seventeen) times during the year and the dates of meetings were April 21, 2014, May 14, 2014, May 27, 2014, June 13, 2014, July 02, 2014, July 12, 2014, August 07, 2014, September 09, 2014, October 13, 2014, November 17, 2014, December 04, 2014, December 23, 2014, January 10, 2015, January 29, 2015, February 10, 2015, March 14, 2015 and March 27, 2015.

Attendance Details are given below.

Name of the members	No of meetings attended/ held during FY 2014-15
Mr. Sudhir M Joshi	17/17
Mr. Harish H Engineer	17/17
Mr. Shyam Srinivasan	17/17
Mr. Abraham Chacko ^{\$}	17/17

Risk Management Committee

The Committee is chaired by Ms. Grace Elizabeth Koshy (Independent Director) consists of Prof. Abraham Koshy, Mr. Sudhir M Joshi, Mr. K M Chandrasekhar, (Independent Directors), Mr. Shyam Srinivasan MD & CEO of the Bank and Mr. Abraham Chacko, Executive Director as members. The Committee was reconstituted once in the financial year 2014-15.

The constitution of the Committee is in compliance with the regulatory requirements.

The terms of reference of the Committee are:

- devise the policy and strategy for integrated risk management containing various risk exposure of the Bank.
- oversee Credit Risk Management Committee (CRMC), Asset Liability Management Committee (ALCO) and Operation Risk Management Committee (ORMC).
- set policies and guidelines for credit risk measurement, management and reporting.
- ensure that the credit risk management processes satisfy the Bank's policy.
- set risk parameters and prudential limits for credit exposure.
- ensure that adequate training is made available to the staff in Credit Risk Management Department, which handles this complex function.
- ensuring that market risk management processes (including people, systems, operations, limits and controls) satisfy Bank's policy.
- review and approve market risk limits, including triggers or stop-losses for traded and accrual portfolios
- ensure robustness of financial models, and the effectiveness of all systems used to calculate market risk.
- Set policies and guidelines of operational risk measurement, management and reporting.
- Ensure that adequate training is made available to the staff handling Operational Risk Management functions, which is of great importance to the Bank.

^{\$} - Mr. Abraham Chacko, Executive Director of the Bank retired as Director from the Board of the Bank w.e.f 01 May 2015





- I. Consider the effectiveness of overall risk management framework in meeting sound corporate governance principles and identifying, managing and monitoring the key risks of the Bank.
- m. Review risk mitigation plans on significant risks, which affects policy or procedure level changes for effective implementation.

The Risk Management Committee met 6 (Six) times during the year and the dates of meetings were April 11, 2014, June 13, 2014, August 21, 2014, October 27, 2014, January 14, 2015 and February 13, 2015.

Attendance Details are given below.

Name of the members	No of meetings attended/held during FY 2014-15
Ms. Grace Elizabeth Koshie	6/6
Prof. Abraham Koshy +	6/6
Mr. Sudhir M Joshi	6/6
Mr. K M Chandrasekhar	6/6
Mr. Shyam Srinivasan	6/6
Mr. Abraham Chacko \$	6/6

Customer Service & Marketing Strategy Committee

The Committee is chaired by Prof. Abraham Koshy (Independent Director), consists of Mr. K. M. Chandrasekhar, Mr. Harish H Engineer (Independent Directors), Mr. Shyam Srinivasan, MD & CEO of the Bank and Mr. Abraham Chacko, Executive Director as members. There was no reconstitution in the financial year 2014-15.

The constitution of the Committee is in compliance with the regulatory requirements.

The terms of reference of the Committee are:

- The Committee looks at various aspects of customer service including measures for improving customer service, redressing of customer complaints, interacting with customers of the Bank to ascertain there views of the services rendered by the Bank.
- To look at appointing of marketing agencies who are reputed to improve the marketing of the products offered by the Bank
- To look at the marketing budget of the Bank.
- To review branding and marketing activities of the Bank

- Formulation of a Comprehensive Deposit Policy
- Issues such as the treatment of death of a depositor for operations of his account
- Product approval process with a view to suitability and appropriateness
- Annual survey of depositor satisfaction
- Tri-enniel audit of such services.
- Draws plan & programme to achieve the business target of the Bank, in the competitive scenario, and review areas of activity such as new product assessment etc.

The Committee met 3 (Three) times during the year and the dates of meetings were April 12, 2014, August 20, 2014, and October 27, 2014

Attendance Details are given below.

Name of the members	No of meetings attended/held during FY 2014-15
Prof. Abraham Koshy +	3/3
Mr. K M Chandrasekhar	3/3
Mr. Harish H Engineer	1/3
Mr. Shyam Srinivasan	3/3
Mr. Abraham Chacko \$	3/3

Committee To Review Large Value Frauds (₹1 Crore & Above)

The Committee is chaired by Mr. Shyam Srinivasan , MD & CEO of the Bank, consists of CA. Nilesh S Vikamsey, Mr. Dilip G Sadarangani, Ms. Grace Elizabeth Koshie, Ms. Shubhalakshmi Panse (Independent Directors) and Mr. Abraham Chacko Executive Director as members. 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 also reported to this Committee. The Committee was re-constituted once in the financial year 2014-15. Ms. Shubhalakshmi Panse was nominated as a member of the committee w.e.f. 26-06-2014 on reconstitution of the committee.

The constitution of the Committee is in compliance with the regulatory requirements.

The major functions of the Committee would be to monitor and review all the frauds of ₹100 lakh and above so as to:

- Identify the systemic lacunae if any that facilitated perpetration of the fraud and suggest to put in place by the management measures to plug the same.
- Monitor progress of CBI/Police investigation and recovery position.

+ Prof. Abraham Koshy retired as Director from the Board of the Bank w.e.f 18th May 2015

\$ - Mr. Abraham Chacko, Executive Director of the Bank retired as Director from the Board of the Bank w.e.f 01 May 2015





- To have the management to look into staff accountability 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.

The Committee met 4 (Four) times during the year and the dates of meetings were June 26, 2014, September 11, 2014, December 11, 2014 and February 24, 2015.

Attendance Details are given below.

Name of the members	No of meetings attended/ held during FY 2014-15
Mr. Shyam Srinivasan	4/4
CA. Nilesh S Vikamsey	4/4
Mr. Dilip G Sadarangani	4/4
Ms. Grace Elizabeth Koshie	4/4
Ms. Shubhalakshmi Panse*	3/4
Mr. Abraham Chacko \$	4/4

* Ms. Shubhalakshmi Panse was nominated as a member of the committee w.e.f.26-06-2014 on reconstitution of the committee.

Committee For Human Resources Policy

The Committee is chaired by Mr. K M Chandrasekhar, (Independent Director), consists of Prof. Abraham Koshy, Ms. Grace Elizabeth Koshie, (Independent Directors), Mr. Shyam Srinivasan, MD & CEO of the Bank and Mr. Abraham Chacko, Executive Director as members. There was no reconstitution in the financial year 2014-15.

The terms of reference of the Committee are:

- To review the existing HR policy of the Bank;
- To look into matters raised by employee unions in the bank which affect them;
- Review recruitment policies;
- Review compensation policies;
- Make industry comparison;
- Review existing agreements and suggest methods to make them mutually beneficial;
- Introduction of performance management/measurement and compensation packages;

- Reviewing the Bank's overall compensation structure and related polices with a view to attract, motivate and retain employees and review compensation levels vis-à-vis other Banks and the industry in general;

The Committee met six (6) times during the year and the dates of meetings were April 11, 2014, June 13, 2014, August 20, 2014, October 27, 2014, February 13, 2015 and March 09, 2015.

Attendance Details are given below.

Name of the members	No of meetings attended/ held during FY 2014-15
Mr. K M Chandrasekhar	6/6
Prof. Abraham Koshy +	6/6
Ms. Grace Elizabeth Koshie	5/6
Mr. Shyam Srinivasan	6/6
Mr. Abraham Chacko \$	6/6

Information Technology & Operations Committee

The Committee is chaired by Mr. Dilip G Sadarangani, (Independent Director), consists of Mr. Sudhir M Joshi, Ms. Shubhalakshmi Panse, (Independent Directors), Mr. Shyam Srinivasan, MD & CEO of the Bank and Mr. Abraham Chacko, Executive Director as its members. The Committee was re-constituted once during the financial year 2014-15. Ms. Shubhalakshmi Panse was nominated as a member of the committee w.e.f.26-06-2014 on reconstitution of the committee.

The constitution of the Committee is in compliance with the regulatory requirements.

The terms of reference of the Committee are:

- Suggest improvement and monitor the implementation of modern technology in the Bank
- Approving IT strategy and policy documents
- Ensuring that the management has put an effective strategic planning process in place
- Ratifying that the business strategy is indeed aligned with IT strategy
- Ensuring that the IT organizational structure complements the business model and its direction

+ Prof. Abraham Koshy retired as Director from the Board of the Bank w.e.f 18th May 2015

\$ - Mr. Abraham Chacko, Executive Director of the Bank retired as Director from the Board of the Bank w.e.f 01 May 2015





- f) Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business
- g) Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable
- h) Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources
- i) Ensuring proper balance of IT investments for sustaining Bank's growth
- j) Becoming aware about exposure towards IT risks and controls and evaluating effectiveness of management's monitoring of IT risks
- k) Assessing Senior Management's performance in implementing IT strategies
- l) Issuing high-level policy guidance (e.g. related to risk, funding, or sourcing tasks)
- m) Confirming whether IT or business architecture is to be designed, so as to derive the maximum business value from IT
- n) 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
- o) Reviewing IT performance measurement and contribution of IT to businesses (i.e., delivering the promised value)
- p) Perform oversight functions over the IT Steering Committee (at a senior management level)
 - i) Investigate activities within this scope
 - ii) Seek information from any employee
 - iii) Obtain outside legal or professional advice
 - iv) Secure attendance of outsiders with relevant expertise, if it considers necessary
 - v) Work in partnership with other Board committees and Senior Management to provide input, review and amend the aligned corporate and IT strategies.

The Committee met 7 (Seven) times during the year and the dates of meetings were April 04, 2014, May 27, 2014, July 05, 2014, July 30, 2014, October 08, 2014, December 11, 2014 and March 05, 2015

Attendance Details are given below.

Name of the members	No of meetings attended/held during 2014-15
Mr. Dilip G Sadarangani	7/7
Mr. Sudhir M Joshi	7/7
Ms. Shubhalakshmi Panse*	5/7
Mr. Shyam Srinivasan	7/7
Mr. Abraham Chacko [§]	7/7

*Ms. Shubhalakshmi Panse was nominated as a member of the committee w.e.f.26-06-2014 on reconstitution of the committee.

Corporate Social Responsibility Committee

The Committee is chaired by Mr. Harish Engineer (Independent Director) consists of Prof. Abraham Koshy, Mr. K M Chandrasekhar (Independent Directors) and Mr. Shyam Srinivasan, MD &CEO of the Bank as its members. The Committee was re-constituted once during the financial year 2014-15. Mr. Harish Engineer was nominated as a member of the committee w.e.f.15.01.2015 on reconstitution of the committee.

The CSR Committee shall formulate and recommend to the Board Corporate Social Responsibility Policy which shall indicate the activity or activities to be undertaken by the Bank as specified in schedule VII of Companies act, 2013 such as promotion of education, eradicating hunger and poverty, social business projects and contribution to Prime minister's National Relief Fund or any other fund set up by central government for socio-economic development etc. and shall also recommend the amount of expenditure to be incurred on the CSR activities and monitor CSR Policy of the Bank.

The Committee met 5 (Five) times during the year and the dates of meetings were April 12, 2014, August 20, 2014, November 21, 2014, February 13, 2015 and March 09, 2015.

Attendance Details are given below.

Name of the members	No of meetings attended/ held during FY 2014-15
Mr. Harish Engineer *	2/5
Prof. Abraham Koshy +	5/5
Mr. K M Chandrasekhar	5/5
Mr. Shyam Srinivasan	5/5

* Mr. Harish Engineer was nominated as a member of the committee w.e.f.15.01.2015 on reconstitution of the committee.

+ Prof. Abraham Koshy retired as Director from the Board of the Bank w.e.f 18th May 2015

§ - Mr. Abraham Chacko, Executive Director of the Bank retired as Director from the Board of the Bank w.e.f 01 May 2015





Performance Review Committee

The Board at its meeting held on June 14 2014 decided to form a sub Committee of the Board, termed as Performance Review Committee, consisting of Mr. Sudhir M Joshi, Mr. Dilip Sadarangani, Ms. Shubhalakshmi Panse (Independent Directors) and Mr. Shyam Srinivasan, MD & CEO of the Bank for periodical review of the performance of the Bank.

The Committee as on March 31 2015 is chaired by Ms. Shubhalakshmi Panse and consists of Mr. Sudhir M Joshi, Mr. Dilip Sadarangani (Independent Directors) and Mr. Shyam Srinivasan, MD & CEO of the Bank as its members.

The Committee met 6 (Six) times during the year and the dates of meetings were July 15, 2014, August 23, 2014, September 20, 2014, November 21, 2014, January 12, 2015 and March 05, 2015.

Attendance Details are given below.

Name of the members	No of meetings attended/ held during FY 2014-15
Ms. Shubhalakshmi Panse *	6/6
Mr. Sudhir M Joshi	6/6
Mr. Dilip Sadarangani	6/6
Mr. Shyam Srinivasan	6/6

* Ms. Shubhalakshmi Panse was appointed as the Chairperson of the committee w.e.f.15.01.2015 on reconstitution of the committee.

Adherence of Code of Corporate Governance and Code of Conduct for all Board Members and Management of the Bank:

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. 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 is posted on the website of the Bank and the web link thereto is <http://www.federalbank.co.in/our-commitments>

Subsidiary Companies

The Bank has one subsidiary company, Fedbank Financial Services Limited. Two Directors of the Bank, Prof. Abraham Koshy and Mr. Dilip Sadarangani are Nominee Directors of the Bank in the Bank's subsidiary Company. The Bank has no material subsidiaries as per the conditions laid down in the Listing Agreement.

Whistle Blowing Policy/Vigil Mechanism:

The Bank has established a Whistle Blowing Policy/ Vigil Mechanism to report concerns about unethical behaviour, actual or suspected fraud and others. As per the Whistle Blower Policy Directors and employees of the Bank, customers, stakeholders, Non Governmental Organizations (NGO) and members of general public can lodge complaints/disclosures under the scheme. The Bank affirms that no employee has been denied access to the Audit Committee of the Board under the Whistle Blowing Policy adopted by the Bank. Preventive measures for enhancing awareness of fraud risk and for promoting a culture of compliance among the employees preventive vigilance audits, vigilance workshops, circulation of modus operandi of frauds occurred in banking industry etc are done.

Information Relating To Last Three General Body Meetings Is Furnished Below:

Name of Meeting	Day, Date and Time of Meeting	Venue	Special Resolution Transacted
81st Annual General Meeting	Thursday, 2nd August 2012 at 10 A.M	Priyadarshini Town Hall, Thottakkattukara, Aluva	No Special Resolution
82nd Annual General Meeting	Saturday, 20th July 2013 at 10 A M	Mahatma Gandhi Municipal Town Hall, Aluva	No Special Resolution
83rd Annual General Meeting	Thursday, 17th July 2014 at 10 A M	Mahatma Gandhi Municipal Town Hall, Aluva	Special Resolution for a) Approval for extension of vesting period for the Grant 2011, from four years to four and half years(modified from 08th April 2015 to 08th October 2015) b) Increase of the Borrowing power of the Bank to ₹ 3000 Crore over and above the Paid up Capital and free reserves of the Bank pursuant to section 180 (1) (c) of the Companies Act,2013





No special resolution was passed during the financial year through postal ballot. No special resolution is proposed as on date for the FY 2015-16 and as and when required it will be looked at separately.

DISCLOSURES

Related Party Transactions

There were no material related party transactions during the financial year. The details of transaction with related parties which are not material during the year is disclosed in notes to Financial Statements of the Bank. Since there are no material subsidiaries for the Bank the policy for material subsidiaries is not required.

There were no material transactions between the Bank and its Directors or management. The Bank complied with the directives issued by the Stock Exchanges on which the Bank's shares are listed, SEBI, and other regulatory authorities. No penalties or strictures have been imposed on the Bank by SEBI or any of the Stock Exchanges for any non-compliance on any matter relating to capital markets during the last three years. No Postal Ballot was conducted during the financial year 2014-2015.

Internal Controls

The Bank has a system of internal control which examines both the financial effectiveness and operational effectiveness to ensure reliability of financial and operational information and all statutory / regulatory compliances.

Insider Trading Code:

The Bank has formulated a code for prevention of Insider Trading pursuant to Securities and Exchange Board of India (Insider Trading) (Amendment) Regulation 2002 to prevent the practices of Insider Trading. Mr. Girish Kumar Ganapathy, Company Secretary has been designated as Compliance Officer for this purpose. Senior Management of the Bank has affirmed compliance with the Code of Conduct.

The Bank has duly complied with all the mandatory listing agreement requirements specified in clause 49 of the Listing Agreement. The Bank has also complied with the adoption of non-mandatory requirement on Separate posts of Chairman and CEO.

Separate posts of Chairman and CEO

The Bank presently appoints separate persons to the post of Chairman and Managing Director/CEO.

Ethical Standards Employed By The Bank:

The Bank has formulated service manual for its employees. This

manual contains comprehensive regulations on ethical standards to be mandatorily observed by all the employees of the Bank.

Outstanding GDRs / ADRs/Warrants or any Convertible Instruments, Conversion Date and Likely Impact on Equity:

The Bank has 16666588 GDRs (equivalent to equity shares) outstanding, which constituted 1.95% of the Bank's total equity capital as on 31st March 2015. No convertible debenture is outstanding.

CEO/CFO Certification:

In terms of Clause 49 of the Listing Agreement, the certification by MD & CEO and Chief Financial Officer on the financial statements and internal controls relating to financial reporting has been obtained.

We the undersigned, in our respective capacities as Managing Director & Chief Executive Officer and Chief Financial Officer of Federal Bank Limited, to the best of our knowledge and belief certify that:

- a. We have reviewed the financial statements and cash flow statement for the year ended 31st March 2015 and to the best of our knowledge and belief:
- i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- ii. these statements together present a true and fair view of the company'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 period which are fraudulent, illegal or violative 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 we 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
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the





financial statements; and

iii. 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 company's internal control system over financial reporting.

Means of Communication:

The quarterly, unaudited and annual audited financial results were published in nationally circulated newspapers in English, such as, Business Line and Business Standard, and in the regionally circulated Malayalam daily Deepika. The results were also displayed on the Bank's website - www.federalbank.co.in. The website also contains details of official news releases, presentations made to institutional investors/to the analysts.

General Information For Shareholders

ANNUAL GENERAL MEETING

Date	:	29.06.2015
Time	:	10 AM
Venue	:	Mahatma Gandhi Municipal Town Hall, Aluva
Financial year	:	01 April 2014 to 31st March 2015
Period of book closure	:	01.06.2015 to 05.06.2015
Dividend payment date	:	06.07.2015

FINANCIAL CALENDAR

Approval of quarterly results for the period ending:

- 30 June 2014 : 16 July 2014
- 30 September 2014 : 16 October 2014
- 31 December 2014 : 15 January 2015
- 31 March 2015 : 29 April 2015

Listing on Stock Exchanges

The Bank's shares are listed on the Stock Exchanges viz. in National Stock Exchange of India Ltd, Bombay Stock Exchange Ltd and 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 23rd December 2014 and the Banks shares are no more listed/traded in Cochin Stock Exchange. The GDRs issued by the Bank in 2006 have been listed on the London Stock Exchange.

BSE Scrip Code	:	500469 Scrip ID : FEDBANK
NSE Symbol	:	FEDERALBNK
CSE Scrip Code	:	500469
LSE Scrip Code	:	FEDS
Demat ISIN Code	:	INE171A01029

The annual listing fees for 2014-15 have been paid to all the Stock Exchanges where the shares are listed.

Movements in the market price of the Bank's Shares on the National Stock Exchange and BSE

Month	NSE		BSE	
	High	Low	High	Low
Apr-14	99.90	86.75	99.85	87.00
May-14	129.30	91.00	129.30	90.95
Jun-14	135.90	115.00	136.00	115.10
Jul-14	134.70	111.00	135.00	111.55
Aug-14	125.75	110.55	125.75	110.65
Sep-14	131.95	118.60	131.80	118.75
Oct-14	143.20	120.90	143.10	121.00
Nov-14	152.95	139.05	152.45	139.30
Dec-14	152.20	131.30	153.00	131.35
Jan-15	153.80	140.95	153.60	141.00
Feb-15	146.10	133.10	145.95	134.30
Mar-15	154.40	127.30	154.20	127.35





Performance in comparison to NIFTY



Registrars And Share Transfer Agent

Integrated Enterprises (India) Ltd.

2nd Floor, Kences Towers,
No.1 ,Ramakrishna Street,
Off : North Usman Road
T.Nagar, Chennai-600017
Phone No: 044-28140801-03
Fax: 044-28142479
Email: csdstd@integratedindia.in

Share Transfer

Integrated Enterprises (India) Ltd, the Registrar and Share Transfer Agents looks after the share transfer. The share transfer instruments, as and when received, are duly processed and shares in respect of valid share transfer instruments are transferred in the names of transferees complying with rules in force.

The Bank obtains half yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchanges from a Company Secretary in practice, and files a copy of the certificate with the Stock Exchanges where Bank's shares are listed.

As required by SEBI, a Reconciliation of Share Capital Audit is conducted on a quarterly basis by a Practicing Company Secretary

and Certificate issued in this regard is forwarded to the Stock Exchanges

Dematerialisation of the Bank's Shares

The Paid up Equity Shares of the Bank as on 31.03.2015 is 856655197 shares. Out of this 856243257 shares are listed. Of the total listed equity shares of the Bank, 836016702 shares(97.64%) are held in dematerialized form and 20226555 shares(2.36 %) 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. Shares remaining in physical form can be dematerialized for which the share holders are requested to open a Depository Account with the Depository Participants (DP) and to lodge the share certificates along with Demat Request Form with them.

Unclaimed Dividends

Under the Transfer of Unclaimed Dividend Rules, it would not be possible to claim the dividend amount once deposited in Investors' Education & Protection Fund (IEPF). Therefore, shareholders are requested to claim their unpaid dividend, if not already claimed.





The details of unclaimed dividend of last three years are as under:

Sl. No.	Financial Year	Amount of unclaimed Dividend (in ₹) (As on 31-03-2015)
1.	2011-12	1,25,52,462.00
2.	2012-13	1,30,60,575.00
3.	2013-14	1,46,91,268.00
	Total	4,03,04,305.00

Share Holding Pattern as on March 31, 2015

Share holder Category	Shares	% Holding
Shares held by Custodians and others against which Depository Receipts have been issued	16666588	1.95
Mutual Funds/UTI	213113860	24.88
Financial Institutions/Bank/Insurance Companies	68726264	8.02
Foreign Institutional Investors	303127092	35.38
Bodies Corporate	55392134	6.47
NRI, Trust, Overseas Corporate Bodies, Foreign Bank, Foreign Body Corporate , LLP, Clearing Member	68020793	7.94
Individual	131608466	15.36
Total	856655197	100.00

Details of Share holders holding more than 1% of the shares as on 31.03.2015

Sl.No	Name	SHARES	PERCENTAGE
1.	Warhol Limited	42361519	4.94
2	Yusuffali Musaliam Veettill Abdul Kader	31576820	3.69
3.	Franklin Templeton Investment Funds	31374443	3.66
4.	Amansa Holdings Private Limited	25056956	2.92
5.	International Finance Corporation	22703920	2.65
6	Life Insurance Corporation Of India	18967380	2.21
7	Bank Muscat S A O G a/c Bank Muscat India Fund	16719605	1.95
8	General Insurance Corporation Of India	15300000	1.79
9	Deutsche Bank Trust Company Americas (GDR Custodian)	14604765	1.70
10	MFS International New Discovery Fund	14223575	1.66
11	M/s Regal Investment and Trading Co. Pvt	13870966	1.62
12	Morgan Stanley Asia (Singapore) Pte.	12254763	1.43
13	HDFC Trustee Company Ltd - a/c HDFC Mid - Cap Opportunities Fund	12000000	1.40
14	Reliance Capital Trustee Company Limited a/c Reliance Growth Fund	9379955	1.09
15	Birla Sun Life Trustee Company Private Limited a/c Birla Sun Life Frontline Equi	9319217	1.09
16	HDFC Standard Life Insurance Company Limited	9172877	1.07
	Total	298886761	34.87





Distribution of Holdings as on March 31, 2015

No. of shares held	Holders		Amount	
	No.	%	Rs.	%
Up to 500	65649	67.97	18858194	1.11
501 - 1000	8905	9.22	14631850	0.85
1001 - 2000	9087	9.41	27197638	1.59
2001 - 3000	4835	5.01	25257860	1.47
3001 - 4000	1716	1.78	12227806	0.71
4001 - 5000	1543	1.60	14299394	0.83
5001 - 10000	2720	2.82	37208966	2.17
ABOVE 10001	2113	2.19	1563628686	91.27
Total	96568	100	1713310394	100

Locations

With its Head Office at Aluva, the Bank has a network of 1247 Branches across India as on March 31, 2015.

Address for correspondence: The Federal Bank Ltd.

Secretarial Department,
PB No. 103, Federal Towers,
Head Office, Aluva – 683 101,
Kerala State, India.
E-mail:secretarial@federalbank.co.in
Website: www.federalbank.co.in

Company Secretary Mr. Girish Kumar Ganapathy

Auditors M/s Deloitte Haskins & Sells , Chennai,
 M/s M.P. Chitale & Co, Mumbai

Secretarial Auditors M/s. SVJS & Associates,
 Company Secretaries, Kochi

AUDITORS' CERTIFICATE

The Members Of The Federal Bank Limited

We have examined the compliance of conditions of Corporate Governance by The Federal Bank Limited ("the Bank") for the year ended 31st March 2015, as stipulated in Clause 49 of the Listing Agreement of the said Bank with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Bank for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

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 the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

For Deloitte Haskins & Sells For M P Chitale & Co.

Chartered Accountants	Chartered Accountants
(Firm's Registration No.008072S)	(Firm's Registration No.101851W)

M. Ramachandran Partner (Membership No.16399)	Ashutosh Pednekar Partner (Membership No. 041037)
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KOCHI,
16th May, 2015.

Compliance with the Code of Conduct

I confirm that for the year under review all Directors and members of the Senior Management have affirmed compliance with the Code of Conduct of the Bank.

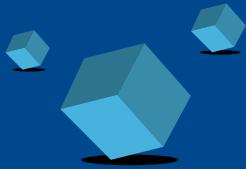
Shyam Srinivasan
Managing Director & Chief Executive Officer
16th May 2015







DIGITAL IS ALL ABOUT INCLUSION



India is a vast country with its share of unbanked and under banked millions. The ever widening chasm between the haves and have-nots is not something that can be bridged overnight. But digital technology is making inclusive banking and thereby inclusive growth an achievable objective. At Federal Bank too we are harnessing the potential of digital technology to reach out to the underprivileged sections of society. Be it through Banking Correspondents (BC) or through Net/Mobile banking, we're able to bring more and more customers under the banking umbrella. Going that extra mile means only one thing to us. Digitalization.





INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE FEDERAL BANK LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **THE FEDERAL BANK LIMITED** (herein after referred to as "the Bank"), which comprise the Balance Sheet as at 31st March 2015, the Profit and Loss Account and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information. Incorporated in these financial statements are the returns of 57 branches / offices of the Bank audited by one of us and 1220 branches / offices audited by the branch auditors of the Bank's branches.

Managements' Responsibility for the Standalone Financial Statements

The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 in so far as they apply to banks and guidelines issued by Reserve Bank of India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Bank has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Bank's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements together with the notes thereon give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013, in the manner so required for the Banking Companies and give a true and fair view of the state of affairs of the Bank as at 31st March 2015, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note No.2.11 of Schedule 18 to the Financial Statements which describes proportionate charge of pension liability of the Bank amounting to ₹ 33.68 Crore to the Profit and Loss Account and the balance unamortised





pension liability of ₹ Nil (₹ 33.68 Crore as at 31st March 2014), included in Schedule 11 to the Financial Statements, pursuant to the exemption from the application of the provisions of the Accounting Standard (AS) 15, Employee Benefits, granted by the Reserve Bank of India and made applicable to the Bank vide letter no. DBOD No.BP.BC.15896 / 21.04.018 / 2010-11 dated April 8, 2011.

Our Opinion is not modified in respect of this matter.

Report on other Legal and Regulatory Requirements

As required by Section 143 (3) of the Companies Act, 2013 and Section 30 of the Banking Regulation Act, 1949 we report that:

- (i) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (ii) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
- (iii) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us.
- (iv) The reports on the accounts of the branch offices audited by the branch auditors of the Bank under Section 143(8) of the Companies Act, 2013 have been sent to us and have been properly dealt with by us in preparing this report.
- (v) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by us in the Report are in agreement with the books of account and with the returns received from branches not visited by us.
- (vi) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (vii) On the basis of the written representations received from the directors as on 31st March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (viii) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- a. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 2.13 of Schedule 18 to the financial statements;
- b. The Bank has made provision, as required under the applicable law or Accounting Standard for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 2.14 of Schedule 18 to the financial statements.
- c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank.

For **Deloitte Haskins & Sells**

Chartered Accountants
(Firm's Registration
No.008072S)

M. Ramachandran
Partner
(Membership No.16399)

For **M P Chitale & Co.**

Chartered Accountants
(Firm's Registration
No.101851W)

Ashutosh Pednekar
Partner
(Membership No.41037)

KOCHI,

29th April, 2015





THE FEDERAL BANK LIMITED
BALANCE SHEET AS AT 31 MARCH 2015

हजार रुपयों में
(₹ in Thousands)

PARTS AND HEADINGS		Schedule AZमिर	As at 31 March 2015	As at 31 March 2014
CAPITAL AND LIABILITIES				
पैसी	Capital	1	1,713,306	1,710,619
आरक्षितियाँ और अधिशेष	Reserves and Surplus	2	75,668,045	67,795,282
निधि	Deposits	3	708,249,928	597,312,817
उधार	Borrowings	4	23,082,411	56,879,584
अन्य क्रण तथा प्रवरचन	Other Liabilities and Provisions	5	19,791,113	22,243,166
जोड़	Total		828,504,803	745,941,468
ASSETS				
भारतीय रिजर्व बैंक में नकदी अधिशेष	Cash and Balances with Reserve Bank of India	6	33,795,429	31,042,930
बैंकों में अतिशेष और मांग पर तथा अल्प सूचना पर प्रयोगन	Balances with banks and money at call and short notice	7	14,004,536	14,250,860
विनिधान	Investments	8	244,091,947	241,178,528
अग्रिम	Advances	9	512,849,914	434,361,038
स्थिर आस्तियाँ	Fixed assets	10	4,666,314	4,249,551
अन्य सुपारीयाँ	Other assets	11	19,096,663	20,858,561
जोड़	Total		828,504,803	745,941,468
आकस्मिक क्रण	Contingent liabilities	12	172,148,242	234,819,883
संग्रहण के लिए बिल	Bills for collection		12,216,604	12,095,403
महत्वपूर्ण लेखांकन नीतियाँ	Significant Accounting Policies	17		
लेखा सुनन्दी टिप्पणियाँ	Notes on Accounts	18		
अनुसूचियाँ उपर वैलेस शीट का एक अभिन्न अंग के रूप में	Schedules referred to above form an integral part of the Balance Sheet			

For and on behalf of the Board of Directors

Krishnakumar K
Deputy General Manager

Girish Kumar Ganapathy
Company Secretary

Abraham Chacko
Executive Director
(DIN : 06676990)

Shyam Srinivasan
Managing Director & CEO
(DIN : 02274773)

D. Sampath
General Manager & CFO

Prof. Abraham Koshy
Chairman
(DIN : 00471385)

In terms of our report attached

Directors:

For Deloitte Haskins & Sells
Chartered Accountants
Firm Reg.No.008072S

For M P Chitale & Co.
Chartered Accountants
Firm Reg.No.101851W

Nilesh S Vikamsey (DIN : 00031213)
Sudhir M Joshi (DIN : 00349597)
K M Chandrasekhar (DIN : 06466854)
Dilip G Sadarangani (DIN : 06610897)
Harish H Engineer (DIN : 01843009)
Grace Elizabeth Koshie (DIN : 06765216)
Shubhalakshmi Panse (DIN : 02599310)

M Ramachandran
Partner
Membership No.016399

Ashutosh Pednekar
Partner
Membership No.041037

Place: Kochi
Date : 29th April, 2015

**THE FEDERAL BANK LIMITED****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2015**

हजार रुपयों में
(₹ in Thousands)

31 मार्च 2015 समाप्त वर्ष के लिए लाभ हानि लेख		Schedule A-Z	Year ended 31 March 2015	Year ended 31 March 2014
I. आय	I. INCOME			
आर्जित ब्याज	Interest earned	13	74,194,677	69,460,806
अन्य आय	Other income	14	8,783,059	6,938,498
जोड़	Total		82,977,736	76,399,304
II. व्यय	II. EXPENDITURE			
व्यक्तिया गत्या ब्याज	Interest expended	15	50,390,589	47,174,660
परिचालन व्यय	Operating expenses	16	16,309,327	14,420,708
उपबंध और आकस्मिक व्यय	Provisions and contingencies		6,220,315	6,415,059
जोड़	Total		72,920,231	68,010,427
III. लाभ/हानि	III. PROFIT/LOSS			
वर्ष के शुद्ध लाभ	Net profit for the year		10,057,505	8,388,877
पिछले वर्ष के अग्रनीत लाभ	Profit brought forward from Previous Year		7,873,601	5,163,892
			17,931,106	13,552,769
IV. विनियोजन	IV. APPROPRIATIONS			
राजस्व आरक्षितियों को अंतरण	Transfer to Revenue Reserve		1,098,710	1,030,700
कानूनी आरक्षितियों को अंतरण	Transfer to Statutory Reserve		2,516,648	2,097,300
पुँजीगत आरक्षितियों को अंतरण	Transfer to Capital Reserve		287,560	179,520
विनिधान आरक्षीत खाते को अंतरण आकस्मिक रिजर्व को अंतरण	Transfer to Investment Reserve Account		462,770	-
विशेष आरक्षितियों को अंतरण	Transfer to Special Reserve		350,000	382,300
वर्ष के दौरान प्रदत्त पिछले वर्ष से संबंधित लाभांश (उस पर लगे कर/सेस सहित)	Dividend (including tax/cess thereon) pertaining to previous year paid during the year		207	-
प्रस्तावित लाभांश	Proposed dividend		1,884,643	1,710,624
प्रस्तावित लाभांश पर कर	Tax on proposed dividend		383,700	278,724
समाप्त सम्पत्तियों (अनुसूची 18 का नोट 2.8) पर मूल्यहास	Depreciation on Expired assets (Note 2.8 of Schedule 18)		23,193	-
सीएसआर के लिए व्यय अतिशय जो आगे तुलन पत्र में ले जाया गया है।	Balance carried over to Balance Sheet		10,923,675	7,873,601
जोड़	Total		17,931,106	13,552,769
प्रति धेरर अर्जन (₹)	Earnings per Share (Basic and Diluted) (₹)		11.75	9.81
(अंकित मूल्य ₹ 2/- प्रत्येक)	(Face value of ₹2/- each)			
अनुसूची 18 में से नोट 2.1 संदर्भ लें)	(Note 2.1 of Schedule 18)			
महत्वपूर्ण लेखांकन नीतियाँ	Significant Accounting policies		17	
लेखा संबन्धी टिप्पणियाँ	Notes on Accounts		18	
अनुसूचियाँ ऊपर लाभ और हानि खाता का एक अभिन्न अंग के रूप में	Schedules referred to above form an integral part of the Profit and Loss account			

For and on behalf of the Board of Directors

Krishnakumar K
Deputy General Manager

Girish Kumar Ganapathy
Company Secretary

Abraham Chacko
Executive Director
(DIN : 06676990)

Shyam Srinivasan
Managing Director & CEO
(DIN : 02274773)

D. Sampath
General Manager & CFO

Prof. Abraham Koshy
Chairman
(DIN : 00471385)

Directors:

Nilesh S Vikamsey	(DIN : 00031213)
Sudhir M Joshi	(DIN : 00349597)
K M Chandrasekhar	(DIN : 06466854)
Dilip G Sadarangani	(DIN : 06610897)
Harish H Engineer	(DIN : 01843009)
Grace Elizabeth Koshy	(DIN : 06765216)
Shubhalakshmi Panse	(DIN : 02599310)

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
Firm Reg.No.00872S

M Ramachandran
Partner
Membership No.016399

Place: Kochi
Date : 29th April, 2015

For M P Chitale & Co.
Chartered Accountants
Firm Reg.No.101851W

Ashutosh Pednekar
Partner
Membership No.041037





THE FEDERAL BANK LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2015

(₹ in Thousands)

	Year ended 31 March 2015	Year ended 31 March 2014
Cash Flow from Operating Activities		
Net Profit before taxes	15,210,405	12,119,877
Adjustments for:		
Depreciation on Bank's Property	745,946	937,369
Depreciation on Investments	(934,725)	1,115,918
Amortisation of Premium on Held to Maturity Investments	321,114	296,864
Provision for Non Performing Investments	128,600	-
Provision for Non Performing Assets (Including Bad Debts)	2,043,463	2,282,224
Provision on Standard Assets	541,000	127,000
Withdrawal from floating provision for standard asset	(127,500)	-
Profit on sale of fixed assets (net)	(2,433)	(12,753)
Provision for Restructured assets	(552,300)	(844,306)
Provision for Other Contingencies	(31,123)	3,223
	17,342,447	16,025,416
Adjustments for working capital changes:		
(Increase)/ Decrease in Investments (<i>excluding Held to Maturity Investments</i>)	10,017,907	(24,859,250)
(Increase)/ Decrease in Advances	(80,532,339)	4,323,767
(Increase)/ Decrease in Other Assets	197,960	(292,753)
Increase/ (Decrease) in Deposits	110,937,111	21,164,184
Increase/ (Decrease) in Other liabilities and provisions	(287,659)	2,295,152
Direct taxes paid	(6,038,663)	(6,408,899)
Net Cash Flow from Operating Activities	51,636,764	12,247,617
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(1,207,817)	(1,207,357)
Proceeds from Sale of Fixed Assets	12,404	29,917
(Increase)/ Decrease in Held to Maturity Investments	(12,446,314)	(6,186,152)
Net Cash Used in Investing Activities	(13,641,727)	(7,363,592)





THE FEDERAL BANK LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2015 (CONTD...)

(₹ in Thousands)

	Year ended 31 March 2015	Year ended 31 March 2014
Cash Flow from Financing Activities		
Proceeds from Issue of Share Capital (ESOS)	2,687	32
Proceeds from Share Premium	107,001	1,324
Repayment of Subordinate Debt	(300,000)	-
Increase/(Decrease) in Borrowings (Excluding Subordinate Debt)	(33,497,172)	5,009,676
Dividend Paid (Including Tax on Dividend)	(1,801,378)	(1,801,171)
Net Cash generated from financing Activities	(35,488,862)	3,209,861
Net Increase in Cash and Cash Equivalents	2,506,175	8,093,886
Cash and Cash Equivalents at the beginning of year	45,293,790	37,199,904
Cash and Cash Equivalents at the end of year	47,799,965	45,293,790

Note:

Cash and cash equivalents comprise of cash on hand (including foreign currency notes), Balances with Reserve Bank of India, Balance with Banks and money at call and short notice (Refer schedules 6 and 7 of the Balance sheet)

For and on behalf of the Board of Directors

Krishnakumar K
Deputy General Manager

Girish Kumar Ganapathy
Company Secretary

Abraham Chacko
Executive Director
(DIN : 06676990)

Shyam Srinivasan
Managing Director & CEO
(DIN : 02274773)

D. Sampath
General Manager & CFO

Prof. Abraham Koshy
Chairman
(DIN : 00471385)

In terms of our report attached

Directors:

For Deloitte Haskins & Sells
Chartered Accountants
Firm Reg.No.008072S

For M P Chitale & Co.
Chartered Accountants
Firm Reg.No.101851W

Nilesh S Vikamsey (DIN : 00031213)
Sudhir M Joshi (DIN : 00349597)
K M Chandrasekhar (DIN : 06466854)
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Grace Elizabeth Koshie (DIN : 06765216)
Shubhalakshmi Panse (DIN : 02599310)

M Ramachandran
Partner
Membership No.016399

Ashutosh Pednekar
Partner
Membership No.041037

Place: Kochi
Date : 29th April, 2015





THE FEDERAL BANK LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

(₹ in Thousands)

	As at 31 March 2015	As at 31 March 2014
SCHEDULE 1 - CAPITAL		
Authorised Capital	5,000,000	5,000,000
250,00,00,000 (Previous Year 250,00,00,000) Equity Shares of ₹ 2/- each		
Issued Capital	1,716,008	1,713,327
85,80,04,242 (Previous Year 85,66,63,830) Equity Shares of ₹ 2/-each		
Subscribed, Called up and Paid up Capital	1,713,310	1,710,623
85,66,55,197 (Previous Year 85,53,11,785) Equity Shares of ₹ 2/-each		
Less: Calls in arrears	4	4
Total	1,713,306	1,710,619

Note:

Refer Note 2.2 of Schedule 18



**THE FEDERAL BANK LIMITED****SCHEDULES FORMING PART OF THE BALANCE SHEET (CONTD...)**

(₹ in Thousands)

	As at 31 March 2015	As at 31 March 2014
SCHEDULE 2 - RESERVES AND SURPLUS		
I. Statutory Reserve		
Opening balance	14,887,476	12,790,176
Additions during the year	2,516,648	2,097,300
	17,404,124	14,887,476
II. Capital Reserves		
(a) Revaluation Reserve		
Opening balance	50,091	52,065
Deductions during the year	-	1,974
	50,091	50,091
(b) Others		
Opening balance	2,065,213	1,885,693
Additions during the year*	287,560	179,520
	2,352,773	2,065,213
	2,402,864	2,115,304
III. Share premium		
Opening balance	24,761,957	24,760,633
Additions during the year#	107,001	1,324
	24,868,958	24,761,957
IV. Revenue and Other Reserves		
a) Revenue Reserve		
Opening Balance	13,418,841	12,927,741
Additions during the year	1,098,710	1,030,700
Deductions during the year\$	-	539,600
	14,517,551	13,418,841
b) Investment Fluctuation Reserve		
Opening Balance	1,897,200	1,897,200
Additions during the year	-	-
	1,897,200	1,897,200
c) Special Reserve (As per section 36(1)(vii) of Income Tax Act)		
Opening balance	2,539,900	2,157,600
Addition during the year	350,000	382,300
	2,889,900	2,539,900
V. Investment Reserve Account		
Opening Balance	-	-
Additions during the year (Refer Note 1.4.2(d) of Schedule 18)	462,770	-
	462,770	-
VI. Contingency Reserve		
Opening balance	301,003	301,003
	301,003	301,003
VII. Balance in Profit and Loss Account	10,923,675	7,873,601
Total	75,668,045	67,795,282

* - Includes Profit appropriated to Capital Reserve (net of applicable taxes and transfer to statutory reserve) on

a) Gain on sale of Held to Maturity Investments ₹ 286,163 Thousands (Previous year ₹ 179,520 Thousands) [Refer Note 1.4.2(c)]

b) Profit on sale of Land ₹ 1,397 Thousands (Previous year ₹ NIL)

- Represents amount received on exercise of Employee stock options.

\$ - Deductions being deferred tax liability of earlier years in respect of special reserve created under section 36 (1) (viii) of the Income tax Act, 1961 - Refer Note 1.12 of Schedule 18.





THE FEDERAL BANK LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET (CONTD...)

(₹ in Thousands)

	As at 31 March 2015	As at 31 March 2014
SCHEDULE 3 - DEPOSITS		
A. I. Demand Deposits		
i. From Banks	787,120	1,226,606
ii. From Others	39,778,774	32,569,220
	40,565,894	33,795,826
II. Savings Bank Deposits	177,269,068	152,842,589
III. Term Deposits		
i. From Banks	24,384,519	6,974,416
ii. From Others	466,030,447	403,699,986
	490,414,966	410,674,402
Total	708,249,928	597,312,817
B. I. Deposits of branches in India	708,249,928	597,312,817
II. Deposits of branches outside India	-	-
Total	708,249,928	597,312,817
SCHEDULE 4 - BORROWINGS		
I.Borrowings in India		
i. Reserve Bank of India	-	4,450,000
ii. Other Banks #	322,000	322,000
iii. Other institutions and agencies ##	19,638,127	41,011,343
	19,960,127	45,783,343
II.Borrowings outside India	3,122,284	11,096,241
Total	23,082,411	56,879,584
Secured borrowings included in I and II above	3,181,169	15,364,797
# Represents Subordinated Debt in the nature of Non Convertible debentures (included in Tier II Capital)		
## Borrowings from other Institutions and agencies include Subordinated Debt of ₹ 1,678,000 Thousands (Previous Year ₹ 1,978,000 Thousands) in the nature of Non Convertible Debentures (included in Tier II Capital)		
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills Payable	189,506	228,420
II. Inter - office adjustments (Net)	2,227,182	1,928,272
III. Interest accrued	2,170,039	1,726,253
IV. Others (including provisions)*	15,204,386	18,360,221
Total	19,791,113	22,243,166
*Includes :-		
(a) Contingent provision against standard assets	2,869,281	2,455,781
(b) Proposed Dividend	1,884,643	1,710,624
(c) Tax on Proposed Dividend	383,700	278,724
(d) Deferred Tax Liability (Net)	394,957	2,856,600





THE FEDERAL BANK LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET (CONTD...)

(₹ in Thousands)

	As at 31 March 2015	As at 31 March 2014
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand (including foreign currency notes)	6,555,687	6,042,367
II. Balance with Reserve Bank of India		
i. in Current Accounts	27,239,742	25,000,563
ii. in Other Accounts	-	-
Total	33,795,429	31,042,930
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
i. Balances with banks		
a. in Current Accounts	1,922,567	1,548,823
b. in Other Deposit Accounts	3,112,480	4,183,956
ii. Money at call and short notice		
a. With Banks	2,000,000	-
b. With other institutions	-	-
Total	7,035,047	5,732,779
II. Outside India		
i. in Current Accounts	719,489	129,981
ii. in Other Deposit Accounts	6,250,000	8,388,100
iii. Money at call and short notice	-	-
Total	6,969,489	8,518,081
Grand Total (I and II)	14,004,536	14,250,860





THE FEDERAL BANK LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET (CONTD...)

(₹ in Thousands)

	As at 31 March 2015	As at 31 March 2014
SCHEDULE 8 - INVESTMENTS		
I. Investments in India in :		
i. Government Securities ## **	168,760,964	158,230,694
ii. Other approved Securities	-	-
iii. Shares	1,579,257	1,757,652
iv. Debentures and Bonds	7,965,452	11,360,514
v. Subsidiaries/ Joint Ventures	3,980,000	3,980,000
vi. Others [Certificate of Deposits (CDs), Priority Sector Deposits, Pass Through Certificates (PTCs) etc.] @	61,806,274	65,849,668
Total	244,091,947	241,178,528
II. Investments outside India	-	-
Grand Total (I and II)	244,091,947	241,178,528
Gross Investments	244,392,023	242,284,750
Less: Depreciation/ Provision for Investments	300,076	1,106,222
Net Investments	244,091,947	241,178,528

Securities costing ₹ 53,495,978 Thousands (Previous Year ₹ 57,241,552 Thousands) pledged for availment of fund transfer facility, clearing facility and margin requirements.

** Net of Repo borrowing of ₹ 24,336,000 Thousands (Previous Year ₹ 27,768,000 Thousands) under the Liquidity Adjustment Facility in line with the RBI requirements.

@ Includes priority sector shortfall deposits ₹ 38,403,772 Thousands (Previous Year ₹ 35,053,818 Thousands) and PTCs of ₹ 928,780 Thousands (Previous Year ₹ 1,057,166 Thousands) net of depreciation, if any.



**THE FEDERAL BANK LIMITED****SCHEDULES FORMING PART OF THE BALANCE SHEET (CONTD...)**

(₹ in Thousands)

	31 March 2015	31 March 2014
SCHEDULE 9 - ADVANCES (NET OF PROVISIONS)		
A. i. Bills purchased and discounted	13,260,651	13,028,687
ii. Cash credits, overdrafts and loans repayable on demand	284,125,237	229,774,824
iii. Term loans	215,464,026	191,557,527
Total	512,849,914	434,361,038
B. i. Secured by tangible assets \$	444,358,695	374,677,783
ii. Covered by Bank/Government guarantees #	25,821,130	20,433,617
iii. Unsecured	42,670,089	39,249,638
Total	512,849,914	434,361,038
C. I. Advances in India		
i. Priority Sectors	173,402,580	155,132,546
ii. Public Sector	35,182,365	7,718,318
iii. Banks	7,540	46,614
iv. Others	304,257,429	271,463,560
Total	512,849,914	434,361,038
II. Advances outside India	-	-
Grand Total (C I and C II)	512,849,914	434,361,038

\$ Includes Advances against book debts

Includes advances against L/Cs issued by banks





THE FEDERAL BANK LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET (CONTD...)

(₹ in Thousands)

	As at 31 March 2015	As at 31 March 2014
SCHEDULE 10 - FIXED ASSETS		
I OWNED ASSETS		
a.Premises #		
Gross Block		
At the beginning of the year	2,263,552	2,231,549
Additions during the year	35,292	32,003
Deductions during the year	1,191	-
Closing Balance	2,297,653	2,263,552
Depreciation		
As at the beginning of the year	684,730	628,015
Charge for the Year	56,434	56,715
Deductions during the year	-	-
Depreciation to date	741,164	684,730
Net Block	1,556,489	1,578,822
b.Other fixed assets (including furniture and fixtures)		
Gross Block		
At the beginning of the year	6,910,217	6,056,767
Additions during the year	1,132,916	973,105
Deductions during the year	69,941	119,655
Closing Balance	7,973,192	6,910,217
Depreciation		
As at the beginning of the year	4,465,692	3,689,389
Charge for the year*	7,24,650	882,628
Deductions during the year	61,162	106,325
Depreciation to date	5,129,180	4,465,692
Net Block	2,844,012	2,444,525
II ASSETS GIVEN ON LEASE		
Gross Block		
At the beginning of the year	-	31,013
Additions during the year	-	-
Deductions during the year	-	31,013
Closing Balance	-	-
Depreciation		
As at the beginning of the year	-	27,179
Charge for the year	-	-
Deductions during the year	-	27,179
Depreciation to date	-	-
Net Block	-	-
III. Capital Work in progress (Including Capital Advances)	265,813	226,204
Total (I, II & III)	4,666,314	4,249,551

Includes buildings constructed on leasehold land at different places having original cost of ₹ 655,643 Thousands (Previous Year ₹655,216 Thousands) and Written down value of ₹ 520,026 Thousands (Previous Year ₹534,357 Thousands) with remaining lease period varying from 61 -73 years

*- Net of reversal of excess depreciation pursuant to change in depreciation method [Refer Note 2.8 of Schedule 18]



**THE FEDERAL BANK LIMITED****SCHEDULES FORMING PART OF THE BALANCE SHEET (CONTD...)**

(₹ in Thousands)

	As at 31 March 2015	As at 31 March 2014
SCHEDULE 11 - OTHER ASSETS		
I. Inter - office adjustments (net)	-	-
II. Interest accrued	5,496,770	5,069,282
III. Tax paid in advance/Tax Deducted at Source (Net of provision)	9,311,672	10,875,609
IV. Stationery and Stamps	34,239	35,017
V. Non-banking assets acquired in satisfaction of claims*	5,953	4,439
VI. Others	4,248,029	4,874,214
Total	19,096,663	20,858,561
*- Includes certain Non-Banking assets acquired in satisfaction of claims which are in the process of being transferred in the Bank's name.		
SCHEDULE 12 - CONTINGENT LIABILITIES		
I. Claims against the Bank not acknowledged as debts	3,237,495	3,273,140
II. Liability on account of outstanding forward exchange contracts	126,308,293	182,064,511
III. Guarantees given on behalf of constituents - in India	32,601,130	37,327,370
IV. Acceptances, endorsements and other obligations	9,004,087	12,154,862
V. Other items for which the Bank is contingently liable @	997,237	-
Total	172,148,242	234,819,883

(Refer Note 2.13 of Schedule 18)

@ - includes ₹ 667,960 Thousands (₹ Nil as on March 31, 2014) being amount transferred to DEAF Cell, RBI and outstanding, as per RBI circular DBOD.No.DEAF Cell. BC.114/30.01.002/2013 - 14.





THE FEDERAL BANK LIMITED
SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

(₹ in Thousands)

	Year ended 31 March 2015	Year ended 31 March 2014
SCHEDULE 13 - INTEREST EARNED		
I. Interest/discount on advances/bills	54,468,334	50,110,836
II. Income on investments	18,359,245	17,768,285
III. Interest on balances with Reserve Bank of India and other inter-bank funds	623,602	523,541
IV. Others*	743,496	1,058,144
Total	74,194,677	69,460,806
*- Includes interest on Income tax refunds amounting to ₹ 704,797 Thousands (Previous Year ₹ 1,011,667 Thousands) accounted based on Assessment orders received.		
SCHEDULE 14 - OTHER INCOME		
I. Commission, exchange and brokerage	3,811,456	3,338,389
II. Profit on sale of investments (Net)	2,556,674	1,562,329
III. Profit on revaluation of investments (Net)	-	-
IV. Profit on sale of land, buildings and other assets (Net)	2,433	12,753
V. Profit on foreign exchange transactions (Net)	1,162,068	1,250,941
VI. Income earned by way of dividends etc. from Companies in India	71,756	147,166
VII. Miscellaneous income [Includes Recoveries in assets written off ₹ 1,067,534 Thousands (previous year ₹ 415,324 Thousands)]	1,178,672	626,920
Total	8,783,059	6,938,498
SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on deposits	46,275,055	42,094,557
II. Interest on Reserve Bank of India/Inter bank borrowings	587,683	1,121,393
III. Others	3,527,851	3,958,710
Total	50,390,589	47,174,660
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments to and provisions for employees	8,919,615	7,715,393
II. Rent, taxes and lighting	1,841,525	1,612,409
III. Printing and stationery	169,076	154,430
IV. Advertisement and publicity	389,984	206,250
V. Depreciation on Bank's property (Refer Note 2.8 of Schedule 18)	745,946	939,343
Less: Depreciation on revaluation of Premises transferred from Revaluation Reserve	-	1,974
	745,946	937,369
VI. Directors' fees, allowances and expenses	19,864	11,476
VII. Auditors' fees and expenses (including branch auditors fees and expenses)	69,195	57,559
VIII. Law charges	72,781	43,404
IX. Postage, Telegrams, Telephones etc	454,936	434,685
X. Repairs and maintenance	466,148	413,152
XI. Insurance	621,941	579,437
XII. Other expenditure	2,538,316*	2,255,144
Total	16,309,327	14,420,708

*- Includes expenditure on Corporate Social Responsibility ₹ 72,772 Thousands.





THE FEDERAL BANK LIMITED

SCHEDULE 17 : SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015

1 Background

The Federal Bank Limited ('the Bank') was incorporated in 1931 as Travancore Federal Bank Limited to cater to the banking needs of Travancore Province. It embarked on a phase of sustained growth under the leadership of Late K.P. Hormis. The Bank has a network of 1277 branches / offices in India and provides retail and corporate banking, para banking activities such as debit card, third party product distribution etc., treasury and foreign exchange business. The bank is governed by the Banking Regulation Act, 1949 and other applicable Acts/ Regulations. The Bank's shares are listed in the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The GDRs issued by the Bank in 2006 have been listed in the London Stock Exchange.

2. Basis of preparation

The financial statements have been prepared in accordance with requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The Bank follows accrual method of accounting and historical cost convention in the preparation of the financial statements and it conforms to the Generally Accepted Accounting Principles in India ("Indian GAAP"), the circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time and the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/ Companies Act, 1956 ("the 1956 Act"), as applicable and current practices prevailing within the banking industry in India. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year except for the change in the accounting policy for depreciation as more fully described in Note 2.8 of Schedule 18.

3. Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revisions to the accounting estimates are recognised prospectively in the current and future periods.

4. Significant accounting policies

4.1 Advances

Advances are classified into performing assets (Standard) and non-performing assets ('NPAs') as per the RBI guidelines and are stated net of specific provisions made towards NPAs, floating provisions and unrealized interest on NPAs. Interest on Non Performing advances is transferred to an unrealized interest account and not recognized in profit and loss account until received. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Provisions for NPAs are made over and above the minimum required as per the guidelines of the RBI on matters relating to prudential norms.

Advances shown in the Balance Sheet are net of (a) bills rediscounted and (b) provisions made for non performing advances.

Loss assets and unsecured portion of doubtful assets are provided/written off as per the RBI guidelines.

Amounts recovered against debts written off are recognised in the profit and loss account and included under "Other Income".

For restructured/rescheduled assets, provision is made in accordance with the guidelines issued by the RBI, which requires the diminution in the fair value of the assets to be provided at the time of restructuring.

A general provision for standard advances is made @ 0.25% in case of direct advances to agricultural and SME sectors, 1% in respect of advances classified as commercial real estate, 3.50 to 5% in respect of certain class of restructured assets and 0.40% for all other advances as prescribed by the RBI.

4.2 Country risk

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country). The countries are categorised into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit as per Export Credit Guarantee Corporation of India Limited ("ECGC") guidelines and provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposure.





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4.3 Investments

Classification

In accordance with the RBI guidelines, investments are categorised at the time of purchase as:

- Held for Trading (HFT);
- Available for Sale (AFS); and
- Held to Maturity (HTM)

Investments which are primarily held for sale within 90 days from the date of purchase are classified as "Held for Trading". As per RBI guidelines, HFT Securities which remain unsold for a period of 90 days are classified as AFS Securities on that date. Investments which the bank intends to hold till maturity are classified as "Held to Maturity".

Investments which are not classified in either of the above two categories are classified as "Available for Sale".

However for the purpose of disclosure in Balance Sheet, investments in India are classified under six categories, viz. Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Investments in Subsidiaries /Joint Ventures and others.

Transfer of securities between Categories

Transfer of securities between categories is done at the lower of the acquisition cost / book value / market value on the date of the transfer and the depreciation, if any, on such transfer is fully provided for, as per RBI guidelines.

Acquisition Cost

- Transaction costs including brokerage and commission pertaining to acquisition of investments are charged to the Profit and Loss Account.
- Broken period interest is charged to the Profit and Loss Account.
- Cost of investments is computed based on the weighted average cost method.

Valuation

The valuation of investments is made in accordance with the RBI Guidelines:

- a. Held for Trading/Available for Sale – Investments classified

under the AFS and HFT categories are marked-to-market. The market/fair value of quoted investments included in the 'AFS' and 'HFT' categories is the Market Price of the Scrip as available from the traded/ quotes on the stock exchanges or prices declared by Primary Dealers Association of India (PDAI) jointly with Fixed Income Money Market and Derivative Associations of India (FIMMDA), periodically. Net depreciation, if any, within each category of each investment classification is recognised in Profit and Loss Account. The net appreciation, if any, under each category of each Investment is ignored. The Book value of individual securities is not changed consequent to the periodic valuation of Investments.

- b. Held to Maturity – These are carried at their acquisition cost. Any premium on acquisition of government securities are amortised over the remaining maturity period of the security on a straight line basis. Any diminution, other than temporary, in the value of such securities is provided for.
- c. Repurchase and reverse repurchase transactions – These are accounted as outright sale and outright purchase respectively. The difference between the clean price of the first leg and the clean price of the second leg is recognised as interest income / interest expense over the period of the transaction. However, depreciation in their value, if any, compared to their original cost, is provided for.
- d. In respect of securities included in any of the three categories of investments where interest / principal is in arrears, for more than 90 days, income thereon is not reckoned and appropriate provision for the depreciation in the value of the investments is made, as per prudential norms applicable to non-performing investments. Debentures / Bonds in the nature of advances are subjected to usual prudential norms applicable to advances.
- e. Treasury Bills and Certificate of Deposits being discounted instruments, are valued at carrying cost.
- f. Units of Mutual Funds are valued at the latest repurchase price/ net asset value declared by Mutual Fund.
- g. Market value of investments where current quotations are not available, is determined as per the norms prescribed by the RBI as under:
 - In case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the Yield to Maturity (YTM) for Government Securities





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as published by Fixed Income Money Market and Derivatives Association of India (FIMMDA)/ Primary Dealers Association of India (PDAL) and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each categories and credit ratings along with residual maturity issued by FIMMDA are adopted for this purpose;

- In case of bonds and debentures (including Pass Through Certificates or PTCs) where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI;
- Equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at ₹1/- per company;
- Units of Venture Capital Funds (VCF) held under AFS category where current quotations are not available are marked to market based on the Net Asset Value (NAV) shown by VCF as per the latest audited financials of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹1/- per VCF. Investment in unquoted VCF after 23rd August, 2006 are categorised under HTM category for the initial period of three years and valued at cost as per RBI guidelines;
- Investment in security receipts are valued as per the Net Asset Value (NAV) obtained from the issuing Reconstruction Company / Securitisation Company.

Investments in subsidiaries/associates are categorised as HTM and assessed for impairment to determine permanent diminution, if any, in accordance with the RBI guidelines.

All investments are accounted for on settlement dates except investments in equity shares which are accounted for on trade date as the corporate actions are effected in equity on the trade date.

Profit or Loss on Sale / Redemption of Investments

- a. Held for Trading and Available for Sale – Profit or loss on sale / redemption is included in the Profit and Loss account.
- b. Held to Maturity – Profit or loss on sale / redemption of investments is included in the Profit and Loss account. In case of profits, the same is appropriated to Capital Reserve after

adjustments for tax and transfer to statutory reserve in accordance with RBI guidelines.

Repo and Reverse Repo Transactions

In respect of Repo transactions under Liquidity Adjustment Facility (LAF) with RBI, monies borrowed from RBI are credited to investment account and reversed on maturity of the transaction. Costs thereon are accounted for as interest expense. In respect of Reverse Repo transactions under LAF, monies paid to RBI are debited to investment account and reversed on maturity of the transaction. Revenues thereon are accounted as interest income.

Short Sales

In accordance with the RBI guidelines, the Bank undertakes short sale transactions in Central Government dated securities. The Short Sales positions are reflected in 'Securities Short Sold ('SSS') A/C', specifically created for this purpose. Such short positions are categorized under HFT category. These positions are marked-to-market along with the other securities under HFT Portfolio and resultant mark-to-market gains/losses are accounted for as per the relevant RBI guidelines for valuation of Investments discussed earlier.

4.4 Foreign currency transactions

Transactions denominated in foreign currencies are accounted for at the rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated at the Balance Sheet date at rates notified by Foreign Exchange Dealers Association of India ('FEDAI'). All profits/losses resulting from year end revaluations are recognised in the Profit and Loss Account.

Outstanding foreign exchange contracts excluding currency swaps undertaken to hedge foreign currency assets/ liabilities, funding swaps and spot exchange contracts are revalued at quarter end exchange rates notified by FEDAI for specified maturities and at interpolated rates for contracts of interim maturities. The resulting gains or losses on revaluation are included in the Profit and Loss Account in accordance with RBI/FEDAI guidelines. The forward exchange contracts of longer maturities where exchange rates are not notified by FEDAI are revalued at the forward exchange rates implied by the swap curves in respective currencies. The resultant gains or losses are recognised in the Profit and Loss Account.

Premium/discount on forward exchange contracts and currency swaps undertaken to hedge foreign currency assets and liabilities and funding swaps is recognised as interest income/ expense and





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is amortised on a pro-rata basis over the underlying swap period. Contingent liabilities on account of foreign exchange contracts, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed at closing rates of exchange notified by FEDAI.

4.5 Derivative transactions

Derivative transactions comprise of forward contracts and swaps which are disclosed as contingent liabilities. The Bank recognises all derivative contracts at the fair value, on the date on which the derivative contracts are entered into and are re-measured at fair value as at the Balance Sheet or reporting dates. In respect of derivative contracts that are marked to market, negative market value is recognised in the Profit and Loss Account in the relevant period. Contingent liabilities on account of derivative contracts denominated in foreign currencies are reported at closing rates of exchange notified by FEDAI at the Balance Sheet date.

Currency futures contracts are marked to market using daily settlement price on a trading day, which is the closing price of the respective futures contracts on that day. While the daily settlement price is computed based on the last half an hour weighted average price of such contract, the final settlement price is taken as the RBI reference rate on the last trading day of the futures contract or as may be specified by the relevant authority from time to time. All open positions are marked to market based on the settlement price and the resultant marked to market profit/loss is daily settled with the exchange.

4.6 Fixed assets and depreciation

Fixed assets are carried at cost of acquisition less accumulated depreciation and impairment, if any. Cost includes cost of purchase and all expenditure like freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

The Bank has adopted the revised useful life of assets as per Schedule II of the Companies Act, 2013. The method of charging depreciation of certain assets has been changed to straight line method from the previous written down value method.

Premises are depreciated under the written down value method, using the same useful life as in Schedule II of the Companies Act, 2013. Improvement to leased Premises are depreciated over 5 years based on technical evaluation.

Depreciation on premises revalued has been charged on their written-down value including the addition made on revaluation.

Depreciation on assets sold during the year is recognised on a pro-rata basis till the date of sale.

Profit on sale of premises is appropriated to Capital Reserve account in accordance with RBI instructions.

4.7 Impairment of Assets

The carrying values of assets at each balance sheet date are reviewed for impairment, if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Profit and Loss Account, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Profit and Loss Account, to the extent the amount was previously charged to the Profit and Loss Account. In case of revalued assets such reversal is not recognised.

4.8 Non-Banking Assets

Non-Banking assets acquired in settlement of debts /dues are accounted at the lower of their cost of acquisition or net realisable value.

4.9 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, balances with Reserve Bank of India and Balances with Other Banks /Institutions and money at call and short notice (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency)





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4.10 Revenue Recognition

Interest income is recognised on an accrual basis except interest income on non-performing assets, which is recognised on receipt in accordance with AS-9, Revenue Recognition as specified under Section 133 of the Companies Act, 2013 and as specified in the RBI guidelines.

Processing fees collected on loans disbursed, along with related loan acquisition costs are recognised at inception of the loan.

Income on discounted instruments is recognised over the tenure of the instrument on a straight line basis.

Guarantee commission, commission on letter of credit and annual locker rent fees are recognised on a straight line basis over the period of contract. Other fees and commission income are recognised when due, except in cases where the bank is uncertain of ultimate collection.

Dividend is accounted on an accrual basis when the right to receive the dividend is established.

Gain/Loss on sell down of loans is recognised in line with the extant RBI Guidelines.

Loan Syndication fee is accounted for on completion of the agreed service and when right to receive is established.

Unpaid funded interest on term loans are accounted on realisation as per the guidelines of RBI.

The difference between the sale price and purchase cost of gold coins, received on consignment basis is included in other income.

4.11 Lease transactions

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognised as an expense in the Profit and Loss Account as per the lease terms.

Finance Lease

Accounting Standard on Leases (AS19) issued by the Institute of Chartered Accountants of India (ICAI) is applicable to leases entered into on or after 1st April 2001. Since all the Bank's outstanding finance lease transactions were entered into prior to that date, the Bank has followed the earlier ICAI guidelines in respect of these leases.

4.12 Retirement and other employee benefits

a) Provident Fund

The contribution made by the bank to The Federal Bank Employees Provident Fund, administered by the trustees is charged to the Profit and Loss account.

b) Pension Fund

The contribution towards The Federal Bank Employees' Pension Fund, managed by trustees, is determined on actuarial basis on projected unit credit method as on the Balance Sheet date and is recognised in the accounts. However, the liability arising on account of re-opening of pension option to existing employees who had joined prior to 29th September, 1995 and not exercised the option earlier, is amortised over a period of five years commencing from the financial year 2010-11 as permitted by the Reserve Bank of India.

Employees who had joined the services of the Bank with effect from April 01, 2010 are covered under Defined Contributory Pension Scheme (DCPS). In respect of such employees the bank contributes 10% of the Basic Pay plus Dearness Allowance and the expenditure thereof is charged to the Profit and Loss account.

c) Gratuity

The bank makes annual contribution to The Federal Bank Employees' Gratuity Trust Fund administered and managed by the Trustees. The cost of providing such benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Profit and Loss Account in the period in which they occur. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

d) Compensation for absence on Privilege / Sick / Casual Leave and Leave Travel Concession (LTC)

The employees of the bank are entitled to compensated absence on account of privilege / sick / casual leave as per the leave rules. The bank measures the long term expected cost of compensated absence as a result of the unused entitlement that has accumulated at the balance sheet date based on actuarial valuation and such costs are recognised in the accounts.





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The employees are also eligible for LTC as per the rules. The estimated cost of unused entitlement as on the Balance Sheet date based on actuarial valuation is provided for.

4.13 Debit card reward points

The Bank runs a loyalty program which seeks to recognise and reward customers based on their relationship with the Bank. Under the program, eligible customers are granted loyalty points redeemable in future, subject to certain conditions. The Bank estimates the probable redemption of such loyalty/reward points using an actuarial method at the Balance Sheet date by employing independent actuary. Provision for said reward points is then made based on the actuarial valuation report as furnished by the said independent Actuary.

4.14 Employee Stock Option Scheme

The Bank has formulated Employee Stock Option Scheme (ESOS) 2010 in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme) Guidelines, 1999. The Scheme provides for grant of options to Employees of the Bank to acquire Equity Shares of the Bank that vest in a graded manner and that are to be exercised within a specified period. In accordance with the SEBI Guidelines and the guidance note on "Accounting for Employee Share based payments" issued by the ICAI, the excess, if any, of the market price of the share preceding the date of grant of the option under ESOS over the exercise price of the option is amortised on a straight line basis over the vesting period.

4.15 Taxation

Income tax expense is the aggregate amount of current tax and deferred tax charge.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unab-

sorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Bank has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are adjusted in reserves and not in Profit and Loss Account.

4.16 Earnings per Share

The Bank reports basic and diluted earnings per share in accordance with AS 20, Earnings per Share, as specified under Section 133 of the Companies Act, 2013. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end.

4.17 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Bank has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

A disclosure of contingent liability is made when there is:

- a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank; or
- a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.





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SCHEDULE 18: NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015

1. Disclosures as per RBI's Master Circular on Disclosure in Financial Statements

Amounts in Notes forming part of the financial statements for the year ended 31st March, 2015 are denominated in Rupees Crore to conform to extant RBI guidelines.

1.1. Capital Adequacy Ratio

Capital Adequacy Ratio as per RBI guidelines (Basel III Capital Regulations dated July 1, 2014) as at March 31, 2015 is given below:

(₹ in Crore)

Particulars	As at 31 March 2015	As at 31 March 2014
Common Equity Tier I	7534.23	6720.21
Tier-I Capital	7534.23	6720.21
Tier -II Capital	330.79	252.21
Total Capital	7865.02	6972.42
Total risk weighted assets and contingencies	50888.63	46041.34
Capital Ratios		
Common Equity Tier I	14.81%	14.59%
Tier-I Capital	14.81%	14.59%
Tier -II Capital	0.65%	0.55%
Total CRAR	15.46%	15.14%
Percentage of the shareholding of the Government of India in public sector banks	NA	NA
Amount of Equity Capital Raised	-	-
Amount of Additional Tier I Capital raised of which:		
Perpetual Non- Cumulative Preference Shares (PNCPS)	-	-
Perpetual Debt Instruments (PDI)	-	-
Amount of Tier II Capital raised of which:		
Debt Capital instruments	-	-
Perpetual Capital Instruments	-	-

The computation of Capital Adequacy Ratio is compiled by the management and relied upon by the Auditors.

1.2. The Key business ratios and other information:

Particulars	As at 31 March 2015	As at 31 March 2014
(i) Interest Income as a percentage to Working Funds* (%)	9.76	9.90
(ii) Non-interest income as a percentage to Working Funds* (%)	1.16	0.99
(iii) Operating Profit as a percentage to Working Funds* (%)	2.14	2.11
(iv) Return on Assets [Based on Average Working Fund] *(%)	1.32	1.20
(v) Business (Deposits less inter-bank deposits plus advances) per employee (₹ in Crore)**	11.15	9.97
(vi) Profit per employee (₹ in Crore)**	0.09	0.08

* 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.

** Productivity ratios are based on average employee numbers for the year.





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1.3. 'Provisions and Contingencies' recognised in the Profit and Loss Account include:

	(₹ in Crore)	31 March 2015	31 March 2014
i) Provision towards NPAs (net)		204.34	228.22
ii) Provision for Depreciation in Value of Investments (Net)		(93.47)	111.59
iii) Provision for Non - Performing Investments		12.86	-
iv) Provision for Standard Assets		54.10	12.70
v) Withdrawal from floating provision		(12.75)	-
vi) Provision for Taxation :			
Current Tax		760.27	198.00
Deferred tax		(244.98)	252.39
Mat Credit entitlement		-	(77.29)
vii) Provision towards Present Value of sacrifice on restructuring, other contingencies etc.		(58.34)	(84.11)
Total		622.03	641.50

1.4. Investments

1.4.1. Details of Investments:

Particulars	31 March 2015	31 March 2014
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	24439.20	24228.47
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	12.48	105.95
(b) Outside India	-	-
(iii) Provisions for Non-Performing Investments		
(a) In India	17.53	4.67
(b) Outside India	-	-
(iv) Net Value of Investments		
(a) In India	24409.19	24117.85
(b) Outside India	-	-
(2) Movement of provision held towards depreciation on Investments		
(i) Opening balance	105.95	9.88
(ii) Add: Provisions made during the year	5.28	96.07
(iii) Less: Write-off/ write-back of excess provisions during the year	98.75	-
(iv) Closing balance	12.48	105.95
(3) Movement of provision for Non Performing Investments (NPIs)		
(i) Opening Balance	4.67	4.67
(ii) Add: Provision made during the year	12.86	-
(iii) Less: Write –off/ Write back of excess provisions during the year	-	-
(iv) Closing Balance	17.53	4.67





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SCHEDULE 18: NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015 (CONTD...)

- 1.4.2.** a) Investments under HTM (excluding specified investments as per RBI norms) account for 22.23% (Previous Year: 24.17%) of demand and time liabilities as at the end of March 2015 as against permitted ceiling of 25% stipulated by RBI.
- b) In respect of securities held under HTM category premium of ₹ 32.11 Crore (Previous Year: ₹ 29.69 Crore) has been amortised during the year and debited under interest received on Government securities.
- c) Profit on sale of securities from HTM category amounting to ₹ 57.80 Crore (Previous Year: ₹ 36.26 Crore) has been taken to Profit and Loss Account. During the year, the Bank had appropriated ₹ 28.62 Crore (Previous Year: ₹ 17.95 Crore), net of taxes and transfer to statutory reserve to the Capital Reserve, being the gain on sale of HTM Investments in accordance with RBI guidelines.
- d) The bank had transferred ₹ 46.28 Crore (Previous Year ₹ Nil) (Net of applicable taxes and transfer to statutory reserve) towards Investment Reserve Account on provision for depreciation on Investments credited to Profit and Loss account.

1.4.3. Repo Transactions

Details of securities sold/purchased (in face value terms) during the years ended 31st March, 2015 and 31st March, 2014 under repos/reverse repos (excluding LAF transactions):

(₹ in Crore)

Particulars	Outstanding during the year			Outstanding as on 31/03/2015/ (31/03/2014)
	Minimum	Maximum	Daily Average	
A) Securities sold under Repos				
i) Government Securities	(-) (-)	2670.00 (2670.00)	1086.83 (630.91)	2340.00 (2670.00)
ii) Corporate Debt Securities	- (-)	- (-)	- (-)	- (-)
Securities purchased under Reverse Repos				
i) Government Securities	- (-)	400.00 (425.00)	18.27 (2.78)	- (-)
ii) Corporate Debt Securities	- (-)	- (-)	- (-)	- (-)
B) Securities sold under Market Repos				
i) Government Securities	- (-)	588.96 (191.18)	33.40 (3.52)	- (-)
ii) Corporate Debt Securities	- (-)	- (-)	- (-)	- (-)
Securities purchased under Reverse Market Repos				
i) Government Securities	- (-)	956.96 (604.93)	49.41 (16.98)	- (-)
ii) Corporate Debt Securities	- (-)	- (-)	- (-)	- (-)

(Previous year's figures are given in brackets)





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SCHEDULE 18: NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015 (CONTD...)

1.4.4. Details of Non-SLR investment portfolio

a) Issuer composition as at 31 March, 2015 of non-SLR investments*

(₹ in Crore)						
Sl. No.	Issuer	Amount	Extent of private placement	Extent of 'below invest- ment grade' securities	Extent of 'unrated' securities**	Extent of 'unlisted' Securities ***
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Public Sector Units	391.85 (506.02)	391.85 (496.92)	356.85 (426.10)	83.30 (106.10)	- (-)
2	Financial Institutions	3860.54 (3550.55)	3860.54 (3550.55)	- (-)	- (-)	5 (5)
3	Banks	1897.68 (2745.50)	105.92 (121.92)	15 (15)	- (-)	- (-)
4	Private Corporates	492.06 (674.47)	370.03 (420.03)	85.53 (156.08)	22.59 (11.87)	59.98 (79.98)
5	Subsidiaries/ Joint ventures	398.00 (398.00)	398.00 (398.00)	- (-)	- (-)	- (-)
6	Others	482.18 (376.29)	482.18 (376.20)	347.03 (341.86)	0.88 (-)	- (-)
7	Less: Provision held towards depreciation on invest- ment	7.92 (6.18)	XXX	XXX	XXX	XXX
8	Less: Provision held towards non performing investments	17.53 (4.67)	XXX	XXX	XXX	XXX
	Total	7496.86 (8239.98)	5608.52 (5363.62)	804.41 (939.04)	106.77 (117.97)	64.98 (84.98)

Previous year's figures are given in brackets

Amounts reported under column (4), (5),(6) and (7) above are not mutually exclusive

* excludes investments in non-SLR government securities amounting to ₹ 36.25 Crore (Previous Year ₹ 54.81 Crore)

** Excludes investments in equity shares, units issued by venture capital funds and deposits with NABARD, SIDBI and NHB under the priority/weaker sector lending scheme in line with extant RBI guidelines.

*** Excludes investments in equity shares, units issued by venture capital funds, pass through certificates, security receipts, security acquired by way of conversion of debt, certificate of deposits and deposits with NABARD, SIDBI and NHB under the priority/weaker sector lending scheme in line with extant RBI guidelines.





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b) Non-SLR investments category-wise (Net of Provision):

(₹ in Crore)

Particulars	31 March 2015	31 March 2014
Shares	157.93	175.77
Debentures and Bonds *	796.55	1136.05
Subsidiaries/Joint Ventures	398.00	398.00
Others	6180.63	6584.97
Total	7533.11	8294.79

* Includes investments in non-SLR government securities amounting to ₹ 36.25 Crore (Previous Year ₹ 54.81 Crore)

c) Non-performing Non-SLR investments is set out below:

(₹ in Crore)

Particulars	31 March 2015	31 March 2014
Opening Balance	4.67	4.67
Additions during the year	12.86	-
Reductions during the year	-	-
Closing Balance	17.53	4.67
Total Provisions held	17.53	4.67

1.4.5. Sale and transfers to/ from HTM Category

During the current year, the value of sales/transfers of securities to/from HTM category (excluding one-time transfer of securities and sales to RBI under OMO auctions) was within 5% of the book value of investments held in HTM category at the beginning of the year.

1.5. Derivatives

Disclosure in respect of Outstanding Interest Rate Swaps (IRS) and Forward Rate Agreement (FRA)

1.5.1 Exchange Traded Interest Rate Derivatives:

(₹ in Crore)

Sl. No.	Particulars	31 March 2015	31 March 2014
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	Nil	Nil
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March 2015	Nil	Nil
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective"	Nil	Nil
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective"	Nil	Nil





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1.5.2 Forward Rate Agreement (FRA)/ Interest Rate Swap (IRS)

(₹ in Crore)

Particulars	31 March 2015	31 March 2014
i) The notional principal of swap agreements	1246.60	1250.00
ii) Losses which would be incurred if counter parties failed to fulfil their obligations under the agreements	3.86	17.05
iii) Collateral required by the bank upon entering into swaps	Nil	Nil
iv) Concentration of credit risk arising from the swaps	Nil	Nil
v) The fair value of the swap book	0.46	0.02

The nature and terms of the IRS as on 31 March, 2015 are set out below:

(₹ in Crore)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	25	625	NSE MIBOR	Fixed payable v/s floating receivable
Trading	25	621.60	NSE MIBOR	Fixed Receivable/floating payable

The nature and terms of the IRS as on 31 March, 2014 are set out below:

(₹ in Crore)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	25	625	NSE MIBOR	Fixed payable v/s floating receivable
Trading	25	625	NSE MIBOR	Fixed Receivable/floating payable

The bank has not undertaken any transactions in Credit Default Swaps (CDS) during the year 31 March, 2015 and 31 March, 2014

1.5.3. Disclosure on Risk exposure in Derivatives

a) Qualitative Disclosures

Structure, organization, scope and nature of management of risk in derivatives etc.

The Treasury Department is organised into three functional areas, i.e., front office, mid office and back office under the charge of Deputy General Manager and Assistant General Manager with overall supervision and control by President – Treasury. Derivative deals are generally executed for market making. Although fresh derivative products are not undertaken, the outstanding position of earlier years is managed by the back office.

The risk in the derivatives is monitored regularly by assessing marked to market position (MTM) of the entire portfolio and the impact on account of the probable market movements. Various risk limits have been put in place under different segments of the derivatives, as approved by Board. The risk profile of the outstanding portfolio is reviewed by the Board at regular intervals. The current outstanding under the derivatives portfolio were executed for trading purposes.

Accounting:

Board Approved Accounting Policies as per RBI guidelines have been adopted. The swaps are marked to market every month and the MTM losses in the basket are accounted in the books while MTM profits are ignored.

Collateral Security:

As per market practice, no collateral security is insisted on for the contracts with counter parties like Banks/Primary Dealers (PDs) etc. For deals with Corporate Clients, appropriate collateral security/margin etc. is stipulated wherever considered necessary.

Credit Risk Mitigation:

Most of the deals have been contracted with Banks/ Major PDs and no default risk is anticipated on the deals with them. No derivative contracts are done for other clients as of now.





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b) Quantitative Disclosures

(₹ in Crore)

Sl. No	Particulars	Currency Derivatives*		Interest rate Derivatives	
		Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2014
(i)	Derivatives (Notional Principal Amount)				
	a)For hedging	-	-	-	-
	b) For trading	-	-	1246.60	1250.00
(ii)	Marked to Market positions (1)				
	a) Asset (+)	-	-	3.86	17.05
	b) Liabilities (-)	-	-	-3.40	-17.03
(iii)	Credit Exposure (2)	-	-	13.84	29.55
(iv)	Likely impact of one percentage change in interest rate (100*PV01)				
	a) on hedging derivatives	-	-	-	-
	b) on trading derivatives	-	-	0.003	0.003
(v)	Maximum and Minimum of 100*PV01 observed during the year				
	a) on hedging	-	-	-	-
	b) on trading	-	-	Max 0.003 Min 0.003	Max 0.003 Min 0.003

* excludes forward exchange contract.

- The notional principal amount of forward exchange contracts classified as Hedging and Trading outstanding as on March 31,2015 amounted to ₹ 2804.07 Crore (Previous Year ₹ 2938.69 Crore) and ₹ 9826.76 Crore (Previous Years.₹ 15267.76 Crore) respectively. The Marked to Market position (Asset) of these contracts are ₹ 51.58 Crore (Previous Year ₹ 39.72 Crore) Credit exposure on forward exchange contracts at March 31,2015 was ₹ 554.25 Crore (Previous Year ₹ 643.06 Crore).
- The notional principal amounts of derivatives reflect the volume of transactions outstanding as at the Balance Sheet and do not represent the amounts at risk.
- Interest rate derivative include interest rate swaps.
- The bank has computed the maximum and minimum of PV01 for the year based on the balances as at the end of every month.
- In respect of derivative contracts, the bank evaluates the credit exposure arising therefrom, in line with RBI guidelines. Credit exposure has been computed using the current exposure method which is the sum of :
 - a) The current replacement cost (marked to market value including accruals of the contract) or zero whichever is higher.
 - b) The Potential Future Exposure (PFE) is a product of the notional principal amount of the contract and a factor that is based on the grid of credit conversion factor prescribed in RBI Guidelines, which is applied on the basis of the residual maturity and the type of contract.

1.6. Asset Quality

1.6.1 Net non-performing assets

Particulars	31 March, 2015 %	31 March, 2014 %
Net non-performing assets as a percentage of net advances.	0.73	0.74





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1.6.2 Movement in gross non-performing assets

(₹ in Crore)

Particulars	31 March, 2015	31 March, 2014
Gross NPAs as at the beginning of the year	1087.41	1554.01
Additions (Fresh NPAs) during the year	814.10	684.24
Subtotal (A)	1901.51	2238.25
Less:		
(i) Upgradations	259.46	134.00
(ii) Recoveries (excluding recoveries made from upgraded accounts)	209.43	136.62
(iii) Technical/ Prudential Write - Offs	225.10	466.12
(iv) Write -offs other than those under (iii) above	8.36	5.31
(v) Reduction by Sale of Assets to ARCs	141.43	408.79
Sub-total (B)	843.78	1150.84
Gross NPAs as at the end of the year *(A-B)	1057.73	1087.41

* after considering technical/ Prudential Write – Offs

Closing Gross NPAs before technical/ Prudential Write – Offs is ₹ 2436.21 Crore (Previous Year ₹ 2312.61 Crore)

1.6.3 Movement in net non-performing assets

(₹ in Crore)

Particulars	31 March, 2015	31 March, 2014
Opening Balance at the beginning of the year	321.56	431.94
Additions during the year	409.00	348.37
Reductions during the year	357.29	458.75
Closing Balance at the end of the year	373.27	321.56

1.6.4 Movement in provisions for non-performing assets

(₹ in Crore)

Particulars	31 March, 2015	31 March, 2014
Opening Balance	721.17	1097.87
Additions during the year *	401.70	240.72
Reductions during the year	456.49	617.42
Closing Balance	666.38	721.17

*includes reversal of excess provision on Sale of NPAs (Sold prior to February 26, 2014 to SCs/RCs) amounting to ₹ 25.46 Crore (Previous Year ₹ Nil) as permitted by RBI Vide Circular DBR.No.BP.BC. 75/21.04.048/2014-15 dated March 11, 2015. This reversal has been utilised for Creation of NPA Provision during the Year.





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1.6.5 Movement in floating provision is set out below:

(₹ in Crore)

Particulars	Standard Assets Provision		NPA Provision	
	2014-15	2013-14	2014-15	2013-14
(a) Opening Balance	25.50	38.00	179.52	179.52
(b) Additional provision for the year	Nil	Nil	Nil	Nil
(c) Draw down during the year*	12.75	12.50	41.34	Nil
(d) Closing Balance	12.75	25.50	138.18	179.52

* Floating provision has been utilised in accordance with RBI guidelines dated February 7, 2014 and March 30, 2015.

1.6.6 The Provision coverage ratio of the bank computed in terms of the RBI Guidelines as on 31 March, 2015 was 83.94% (Previous Year 84.16%).

1.6.7 Movement of Provision on Standard Assets

(₹ in Crore)

Particulars	2014-15	2013-14
(a) Opening Balance	245.58	245.38
(b) Addition/Adjustments during the year	54.10	12.70
(c) Deduction during the year	12.75	12.50
(d) Closing Balance	286.93	245.58

1.6.8 Amount of Provisions made for income-tax during the year

(₹ in Crore)

Particulars	2014-15	2013-14
Provision for Income Tax		
a) Current Tax for the year (Net of MAT Credit entitlement ₹ Nil (Previous Year ₹ 77.29 Crore)	760.27	120.71
b) Deferred Tax for the year	(244.98)	252.39

The Bank has a comprehensive system of maintenance of information and documents required by transfer pricing legislation under section 92-92F of the Income-tax Act, 1961. The Bank is of the opinion that specified transactions with domestic related parties are primarily at arm's length so that the above legislation do not have material impact on the financial statements.





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1.6.9 Particulars of Accounts Restructured

Details of loan assets subjected to restructuring during the year ended 31 March, 2015:

(₹ in Crore)

Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism ⁷				
Asset Classification		Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total	Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	16	2	3	-	21	-	-	-	-	-
	Amount Outstanding – (a) Restructured facility	452.62	85.72	85.84	-	624.18	-	-	-	-	-
	b) Other Facility	108.85	4.67	14.59	-	128.11	-	-	-	-	-
	Provision thereon	25.51	7.93	6.91	-	40.35	-	-	-	-	-
Movement in balance for accounts appearing under opening balance ¹	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – (a) Restructured facility	42.06	(9.85)	(1.80)	-	30.41	-	-	-	-	-
	b) Other Facility	27.33	15.18	6.47	-	48.98	-	-	-	-	-
	Provision thereon	(24.13)	(7.94)	(0.01)	-	(32.08)	-	-	-	-	-
Fresh Restructuring during the year ²	No. of borrowers	4	-	-	-	4	-	-	-	-	-
	Amount Outstanding – (a) Restructured facility	115.59	-	-	-	115.59	-	-	-	-	-
	b) Other Facility	7.45	-	-	-	7.45	-	-	-	-	-
	Provision thereon	5.90	-	-	-	5.90	-	-	-	-	-
Upgradation to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – (a) Restructured facility	-	-	-	-	-	-	-	-	-	-
	b) Other Facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(5)				(5)	-				-
	Amount Outstanding – (a) Restructured facility	(82.16)				(82.16)	-				-
	b) Other Facility	(46.87)				(46.87)	-				-
	Provision thereon	(0.05)				(0.05)	-				-
Downgradation of restructured accounts during the FY ³	No. of borrowers	(1)	(1)	2	-	-	-	-	-	-	-
	Amount Outstanding – (a) Restructured facility	(26.09)	(49.78)	75.87	-	-	-	-	-	-	-
	b) Other Facility	(17.71)	(2.14)	19.85	-	-	-	-	-	-	-
	Provision thereon	(0.27)	0.27	-	-	-	-	-	-	-	-
Write-offs/ Sale of restructured accounts during the FY ^{4,5}	No. of borrowers	(1)	-	(2)	-	(3)	-	-	-	-	-
	Amount Outstanding – (a) Restructured facility	(32.17)	-	(54.56)	-	(86.73)	-	-	-	-	-
	b) Other Facility	(4.94)	-	(19.26)	-	(24.20)	-	-	-	-	-
	Provision thereon	-	-	(2.19)	-	(2.19)	-	-	-	-	-
Restructured accounts as on March 31 of the FY (closing figures) ⁶	No. of borrowers	13	1	3	-	17	-	-	-	-	-
	Amount Outstanding – (a) Restructured facility	469.85	26.09	105.35	-	601.29	-	-	-	-	-
	b) Other Facility	74.11	17.71	21.65	-	113.47	-	-	-	-	-
	Provision thereon	6.96	0.26	4.71	-	11.93	-	-	-	-	-





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(₹ in Crore)

Type of Restructuring		Others					Total				
Asset Classification		Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total	Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	368	52	127	91	638	384	54	130	91	659
	Amount Outstanding – (a)Restructured facility	1323.52	20.38	90.85	2.50	1437.25	1776.14	106.10	176.69	2.50	2061.43
	b) Other Facility	1105.49	13.57	31.33	-	1150.39	1214.34	18.24	45.92	-	1278.50
	Provision thereon	35.52	3.13	1.08	0.16	39.89	61.03	11.06	7.99	0.16	80.24
Movement in balance for accounts appearing under opening balance ¹	No. of borrowers	(40)	4	(25)	(1)	(62)	(40)	4	(25)	(1)	(62)
	Amount Outstanding – (a)Restructured facility	(66.31)	6.78	(7.41)	(0.17)	(67.11)	(24.25)	(3.07)	(9.21)	(0.17)	(36.70)
	b) Other Facility	37.18	6.21	(21.53)	0.19	22.05	64.51	21.39	(15.06)	0.19	71.03
	Provision thereon	(17.83)	(2.91)	(0.87)	(0.08)	(21.69)	(41.96)	(10.85)	(0.88)	(0.08)	(53.77)
Fresh Restructuring during the year ²	No. of borrowers	158	-	-	-	158	162	-	-	-	162
	Amount Outstanding – (a)Restructured facility	204.27	-	-	-	204.27	319.86	-	-	-	319.86
	b)Other Facility	46.26	-	-	-	46.26	53.71	-	-	-	53.71
	Provision thereon	4.17	-	-	-	4.17	10.07	-	-	-	10.07
Upgradation to restructured standard category during the FY	No. of borrowers	16	(12)	-	(4)	-	16	(12)	-	(4)	-
	Amount Outstanding – (a)Restructured facility	16.62	(13.86)	(2.59)	(0.17)	-	16.62	(13.86)	(2.59)	(0.17)	-
	b)Other Facility	9.68	(9.68)	-	-	-	9.68	(9.68)	-	-	-
	Provision thereon	0.02	(0.02)	0.01	(0.01)	-	0.02	(0.02)	0.01	(0.01)	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(208)				(208)	(213)				(213)
	Amount Outstanding – (a)Restructured facility	(169.49)				(169.49)	(251.65)				(251.65)
	b)Other Facility	(130.69)				(130.69)	(177.56)				(177.56)
	Provision thereon	(4.43)				(4.43)	(4.48)				(4.48)
Downgradation of restructured accounts during the FY ³	No. of borrowers	(28)	(8)	16	20	-	(29)	(9)	18	20	-
	Amount Outstanding – (a)Restructured facility	(29.20)	17.19	11.51	0.50	-	(55.29)	(32.59)	87.38	0.50	-
	b) Other Facility	(5.19)	(4.80)	9.99	-	-	(22.90)	(6.94)	29.84	-	-
	Provision thereon	(1.44)	1.26	0.16	0.02	-	(1.71)	1.53	0.16	0.02	-
Write-offs/ Sale of restructured accounts during the FY ^{4,5}	No. of borrowers	(2)	(2)	(34)	(20)	(58)	(3)	(2)	(36)	(20)	(61)
	Amount Outstanding – (a)Restructured facility	(0.18)	(1)	(52.57)	(0.99)	(54.74)	(32.35)	(1)	(107.13)	(0.99)	(141.47)
	b) Other Facility	-	-	(5.38)	(0.19)	(5.57)	(4.94)	-	(24.64)	(0.19)	(29.77)
	Provision thereon	-	-	-	-	-	-	-	(2.19)	-	(2.19)
Restructured accounts as on March 31 of the FY (closing figures) ⁶	No. of borrowers	264	34	84	86	468	277	35	87	86	485
	Amount Outstanding – (a)Restructured facility	1279.23	29.49	39.79	1.67	1350.18	1749.08	55.58	145.14	1.67	1951.47
	b) Other Facility	1062.73	5.30	14.41	-	1082.44	1136.84	23.01	36.06	-	1195.91
	Provision thereon	16.01	1.46	0.38	0.09	17.94	22.97	1.72	5.09	0.09	29.87





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- 1 Includes accounts closed during the year on account of payment of outstanding facilities by the borrower
- 2 Amount reported here represents outstanding as on 31 March, 2015
- 3 Includes accounts which were not attracting higher provisioning and/or additional risk weight at the beginning of the Financial Year
- 4 Amount outstanding under restructuring facilities is outstanding balance as on 31-03-2014
- 5 Includes sale of restructured accounts as follows:

(₹ in Crore)

	Under CDR Mechanism					Others				
	Standard	Sub-Standard	Doubtful	Loss	Total	Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total
No. of borrowers	1	-	2	-	3	-	-	-	1	1
Amount Outstanding (a) Restructured facility @	38.11	-	27.64	-	59.82	-	-	-	5.83	5.83
b) Other Facility @	4.94	-	19.08	-	24.02	-	-	-	4.51	4.51
Provision thereon @	-	-	2.19	-	2.19	-	-	-	-	-

@ Represents balance as on 31-03-2014

- 6 Other Facility include investments in Bonds/ Debentures amounting to ₹ 45.03 Crore
- 7 There are no SME cases which have been restructured during the year ended 31 March, 2015





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SCHEDULE 18: NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015 (CONTD...)

Details of loan assets subjected to restructuring during the year ended 31 March, 2014: (Contd...)

(₹ in Crore)

Type of Restructuring		Under CDR Mechanism				Under SME Debt Restructuring Mechanism ⁷					
Asset Classification		Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total	Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	13	1	2	-	16	-	-	-	-	-
	Amount Outstanding – (a)Restructured facility	337.64	33.79	54.45	-	425.88	-	-	-	-	-
	b) Other Facility	65.93	-	14.59	-	80.52	-	-	-	-	-
	Provision thereon	36.89	5.40	2.59	-	44.88	-	-	-	-	-
Movement in balance for accounts appearing under opening balance ¹	No. of borrowers	(2)	-	-	-	(2)	-	-	-	-	-
	Amount Outstanding – (a)Restructured facility	(42.97)	(2.51)	0.11	-	(45.37)	-	-	-	-	-
	b) Other Facility	(13.12)	4.67	-	-	(8.45)	-	-	-	-	-
	Provision thereon	(17.67)	(0.71)	(0.38)	-	(18.76)	-	-	-	-	-
Fresh Restructuring during the year ²	No. of borrowers	7	-	-	-	7	-	-	-	-	-
	Amount Outstanding – (a)Restructured facility	287.68	-	-	-	287.68	-	-	-	-	-
	b) Other Facility	58.73	-	-	-	58.73	-	-	-	-	-
	Provision thereon	20	-	-	-	20	-	-	-	-	-
Upgradation to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – (a)Restructured facility	-	-	-	-	-	-	-	-	-	-
	b) Other Facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	-				-	-				-
	Amount Outstanding – (a) Restructured facility	-				-	-				-
	b) Other Facility	-				-	-				-
	Provision thereon	-				-					-
Downgradation of restructured accounts during the FY ³	No. of borrowers	(3)	2	1	-	-	-	-	-	-	-
	Amount Outstanding – (a)Restructured facility	(129.73)	98.45	31.28	-	-	-	-	-	-	-
	b) Other Facility	(2.69)	2.69	-	-	-	-	-	-	-	-
	Provision thereon	(13.71)	9.01	4.70	-	-	-	-	-	-	-
Write-offs/ Sale of restructured accounts during the FY ^{4,5}	No. of borrowers	-	(1)	-	-	(1)	-	-	-	-	-
	Amount Outstanding – (a)Restructured facility	-	(44.01)	-	-	(44.01)	-	-	-	-	-
	b) Other Facility	-	(2.69)	-	-	(2.69)	-	-	-	-	-
	Provision thereon	-	(5.77)	-	-	(5.77)	-	-	-	-	-
Restructured accounts as on March 31 of the FY (closing figures) ⁶	No. of borrowers	15	2	3	-	20	-	-	-	-	-
	Amount Outstanding – (a)Restructured facility	452.62	85.72	85.84	-	624.18	-	-	-	-	-
	b) Other Facility	108.85	4.67	14.59	-	128.11	-	-	-	-	-
	Provision thereon	25.51	7.93	6.91	-	40.35	-	-	-	-	-





THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015 (CONTD...)

Details of loan assets subjected to restructuring during the year ended 31 March, 2014: (Contd...)

(₹ in Crore)

Type of Restructuring		Others					Total				
Asset Classification		Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total	Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	400	57	184	71	712	413	58	186	71	728
	Amount Outstanding – (a)Restructured facility	1617.73	23.66	109.99	56.54	1807.92	1955.37	57.45	164.44	56.54	2233.80
	b)Other Facility	492.29	6.82	41.40	0.32	540.83	558.22	6.82	55.99	0.32	621.35
	Provision thereon	121.51	0.92	4.96	0.26	127.65	158.40	6.32	7.55	0.26	172.53
Movement in balance for accounts appearing under opening balance ¹	No. of borrowers	36	(21)	(31)	(4)	(20)	34	(21)	(31)	(4)	(22)
	Amount Outstanding – (a)Restructured facility	(362.09)	(2.74)	(8.11)	(0.64)	(373.58)	(405.06)	(5.25)	(8.00)	(0.64)	(418.95)
	b)Other Facility	559.31	(6.30)	(3.34)	0	549.67	546.19	(1.63)	(3.34)	0	541.22
	Provision thereon	(75.89)	2.35	(3.91)	(0.07)	(77.52)	(93.56)	1.64	(4.29)	(0.07)	(96.28)
Fresh Restructuring during the year ²	No. of borrowers	109	-	-	-	109	116	-	-	-	116
	Amount Outstanding – (a)Restructured facility	237.65	-	-	-	237.65	525.33	-	-	-	525.33
	b)Other Facility	79.11	-	-	-	79.11	137.84	-	-	-	137.84
	Provision thereon	16.81	-	-	-	16.81	36.81	-	-	-	36.81
Upgradation to restructured standard category during the FY	No. of borrowers	29	(15)	(10)	(4)	-	29	(15)	(10)	(4)	-
	Amount Outstanding – (a)Restructured facility	9.27	(3.83)	(5.27)	(0.17)	-	9.27	(3.83)	(5.27)	(0.17)	-
	b)Other Facility	2.27	-	(2.27)	-	-	2.27	-	(2.27)	-	-
	Provision thereon	0.26	(0.22)	(0.03)	(0.01)	-	0.26	(0.22)	(0.03)	(0.01)	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(171)				(171)	(171)				(171)
	Amount Outstanding – (a)Restructured facility	(72.29)				(72.29)	(72.29)				(72.29)
	b)Other Facility	-				-	-				-
	Provision thereon	(1.73)				(1.73)	(1.73)				(1.73)
Downgradation of restructured accounts during the FY ³	No. of borrowers	(35)	34	(3)	41	37	(38)	36	(2)	41	37
	Amount Outstanding – (a)Restructured facility	(106.75)	100.26	16.28	1.15	10.94	(236.48)	198.71	47.56	1.15	10.94
	b)Other Facility	(27.49)	26.85	0.64	-	-	(30.18)	29.54	0.64	-	-
	Provision thereon	(25.44)	25.43	0.08	0.02	0.09	(39.15)	34.44	4.78	0.02	0.09
Write-offs/ Sale of restructured accounts during the FY ^{4,5}	No. of borrowers	-	(3)	(13)	(13)	(29)	-	(4)	(13)	(13)	(30)
	Amount Outstanding – (a)Restructured facility	-	(96.97)	(22.04)	(54.38)	(173.39)	-	(140.98)	(22.04)	(54.38)	(217.40)
	b)Other Facility	-	(13.80)	(5.10)	(0.32)	(19.22)	-	(16.49)	(5.10)	(0.32)	(21.91)
	Provision thereon	-	(25.35)	(0.02)	(0.04)	(25.41)	-	(31.12)	(0.02)	(0.04)	(31.18)
Restructured accounts as on March 31 of the FY (closing figures) ⁶	No. of borrowers	368	52	127	91	638	383	54	130	91	658
	Amount Outstanding – (a)Restructured facility	1323.52	20.38	90.85	2.50	1437.25	1776.14	106.10	176.69	2.50	2061.43
	b)Other Facility	1105.49	13.57	31.33	-	1150.39	1214.34	18.24	45.92	-	1278.50
	Provision thereon	35.52	3.13	1.08	0.16	39.89	61.03	11.06	7.99	0.16	80.24





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SCHEDULE 18: NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015 (CONTD...)

- 1 Includes accounts closed during the year on account of payment of outstanding facilities by the borrower
- 2 Amount reported here represents outstanding as on 31 March, 2014
- 3 Includes accounts which were not attracting higher provisioning and/or additional risk weight at the beginning of the Financial Year
- 4 Amount outstanding under restructuring facilities is outstanding balance as on 31-03-2013
- 5 Includes sale of restructured accounts as follows:

(₹ in Crore)

	Under CDR Mechanism					Others				
	Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total	Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total
No. of borrowers	-	1	-	-	1	-	2	1	4	7
Amount Outstanding (a) Restructured facility @	-	44.01	-	-	44.01	-	96.94	20.01	0.60	117.55
b) Other Facility @	-	2.69	-	-	2.69	-	13.80	4.62	-	18.42
Provision thereon @	-	5.77	-	-	5.77	-	25.35	-	0.03	25.38

@ Represents balance as on 31-03-2013

6. Other Facility include investments in Bonds/ Debentures amounting to ₹ 457.97 Crore

7. There are no SME cases which have been restructured during the year ended 31 March, 2014

1.6.10 Details of financial assets sold to Securitisation / Reconstruction companies for Asset Reconstruction:

(₹ in Crore)

Particulars	31 March 2015		31 March 2014
	Standard	NPA	NPA
(a) No of accounts	3	82	637#
(b) Aggregate value (net of provisions) of accounts sold to SC/RC	38.06	87.94	258.73
(c) Aggregate consideration	41.88	96.93	302.59
(d) Additional consideration realised in respect of accounts transferred in earlier years	-	-	5.51
(e) Aggregate gain/(loss) over net book value	3.82	2.36	49.37

Excludes 58 accounts already written off from books amounting to ₹17.04 Crore.

1.6.11 Details of sale of Financial Assets to Securitisation company/Reconstruction company

(₹ in Crore)

Particulars	Backed by NPAs sold by the bank as underlying		Backed by NPAs sold by other banks/ financial institutions/ non-banking financial companies as underlying		Total	
	As at 31 March, 2015	As at 31 March, 2014	As at 31 March, 2015	As at 31 March, 2014	As at 31 March, 2015	As at 31 March, 2014
Book value of investments in security receipts	442.91	341.86	-	-	442.91	341.86





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SCHEDULE 18: NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015 (CONTD...)

1.6.12 Details of non-performing financial assets purchased/sold

A. Details of non-performing financial assets purchased:

(₹ in Crore)

Particulars	31 March 2015	31 March 2014
1. (a) No. of accounts purchased during the year		
(b) Aggregate outstanding	NIL	NIL
2. (a) Of these, number of accounts restructured during the year		
(b) Aggregate outstanding		

B. Details of non-performing financial assets sold:

(₹ in Crore)

Particulars	31 March 2015	31 March 2014
1.No of Accounts sold		
2. Aggregate outstanding	NIL	NIL
3. Aggregate consideration received		

1.6.13 During the year ended 31March, 2015 and 31 March, 2014 there are no unsecured advances for which intangible securities such as charge over the rights, licences, authority etc. has been taken as collateral by the Bank.

1.6.14 Movement in technical/prudential Written off accounts is set out below:

(₹ in Crore)

Particulars	31 March 2015	31 March 2014
Opening balance at the beginning of the year	1225.20	806.23
Add: Technical write-offs during the year	225.10	466.12
Sub Total (A)	1450.30	1272.35
Less: Reduction due to recovery made from previously technical/prudential written-off accounts during the year	55.87	30.11
Less: Reduction due to sale of NPAs to ARCs from previously technical/prudential written-off accounts during the year	-	17.04
Less: Sacrifice made from previously technical/prudential written-off accounts during the year	15.95	-
Sub Total (B)	71.82	47.15
Closing balance at the end of the year (A-B)	1378.48	1225.20





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SCHEDULE 18: NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015 (CONTD...)

1.7. Asset Liability Management

A maturity pattern of certain items of assets and liabilities at 31 March, 2015 and 31 March, 2014 is set out below:

Year ended 31 March, 2015

(₹ in Crore)

Maturity Pattern	Deposits	Advances	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Day 1	298.30	1556.20	-	280.98	238.63	354.40
2 - 7 days	1039.82	1375.49	2305.79	318.12	625.00	13.74
8-14 days	850.93	1275.35	-	-	3.81	29.23
15-28 days	1708.61	658.07	196.37	-	1.56	40.17
29 days to 3 months	5744.08	4305.36	1274.94	31.25	540.47	241.75
Over 3months and upto 6 months	6652.70	3919.79	105.64	419.10	509.96	356.42
Over 6 months and upto 1 Year	12905.99	6089.94	477.51	369.14	346.96	407.68
Over 1 Year and upto 3Years	25950.78	25407.13	234.67	829.86	90.35	417.70
Over 3 Years and upto 5 Years	1397.88	3412.41	753.30	59.79	42.59	537.53
Over 5 Years	14275.90	3285.25	19060.98	-	15.15	0.32
Total	70824.99	51284.99	24409.20	2308.24	2414.48	2398.94

Year ended 31 March, 2014

(₹ in Crore)

Maturity Pattern	Deposits	Advances	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Day 1	212.58	1958.05	-	60.73	279.15	146.70
2 - 7 days	1084.37	281.34	2299.64	1596.78	374.54	72.26
8-14 days	1292.02	276.34	-	-	354.16	70.76
15-28 days	1936.31	540.75	324.54	30.00	6.61	10.46
29 days to 3 months	4828.39	2060.26	1883.47	684.66	277.93	327.02
Over 3months and upto 6 months	5684.58	2112.80	362.90	906.02	196.44	644.24
Over 6 months and upto 1 Year	13982.13	6633.13	514.23	756.24	461.07	780.60
Over 1 Year and upto 3 Years	27349.11	20395.94	263.25	1403.53	42.27	401.97
Over 3 Years and upto 5 Years	2095.61	4215.47	700.77	250.00	51.39	467.97
Over 5 Years	1266.18	4962.02	17769.05	-	62.98	-
Total	59731.28	43436.10	24117.85	5687.96	2106.54	2921.98

Note:

Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors. Maturity profile of foreign currency assets and liabilities exclude forward exchange contracts.





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1.8. Exposures

1.8.1 Exposure to Real Estate Sector

(₹ in Crore)

Category	2014-15	2013-14
a) Direct Exposure:		
(i) Residential Mortgages:- Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (of which individual housing loans eligible for inclusion in Priority sector advances)	6949.74 (3225.38)	6032.95 (3427.10)
(ii) Commercial Real Estate:- Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	1345.27	1154.50
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
a. Residential	Nil	105.71
b. Commercial Real Estate	Nil	20.66
b) Indirect Exposure:		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	2270.37	585.24
Total Exposure to Real Estate sector	10565.38	7899.06

1.8.2 Exposure to Capital Market

(₹ in Crore)

Category	31 March 2015	31 March 2014
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	157.42	168.32
(ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	0.29	0.37
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	0.15	4.05
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	0.03	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	60.03	114.96
(vi) Loans sanctioned to corporates against the security of shares / bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) Bridge loans to companies against expected equity flows/issues;	-	-
(viii) Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
(ix) Financing to stockbrokers for margin trading;	-	-
(x) all exposures to Venture Capital Funds (both registered and unregistered)	39.23	47.83
Total Exposure to Capital Market	257.15	335.53





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1.8.3 Risk Category wise Country Exposure

The net funded exposure of the Bank in respect of foreign exchange transactions with each country is within 1% of the total assets of the Bank and hence no provision is required to be made in respect of country risk as per the RBI guidelines:

(₹ in Crore)

Risk Category*	Exposure (net) as at 31 March 2015	Provision held as at 31 March 2015	Exposure (net) as at 31 March 2014	Provision held as at 31 March 2014
Insignificant	760.72	-	585.35	-
Low	746.92	-	332.85	-
Moderate	256.23	-	35.06	-
High	7.84	-	2.62	-
Very High	1.23	-	6.39	-
Restricted	0.00	-	0.10	-
Off-credit	0.00	-	2.31	-
Total	1772.94	-	964.68	-

* The above figures include both funded as well as non-funded exposure.

1.8.4 Information on Concentration of deposits:

(₹ in Crore)

	31 March 2015	31 March 2014
Total Deposits of Twenty Largest depositors	3220.76	2129.02
Percentage of Deposits of twenty largest depositors to total deposits of the bank	4.55%	3.56%

Note: Exclude holders of certificate of deposits

1.8.5 Information on Concentration of advances:

(₹ in Crore)

	31 March 2015	31 March 2014
Total advances to Twenty Largest Borrowers	7218.59	7228.69
Percentage of advances to twenty largest Borrowers to total advances of the bank	10.51%	11.90%

Note: Advance is computed as per the definition of Credit Exposure in RBI Master Circular on Exposure Norms DBOD. No. Dir. BC.12/13.03.00/2014-15 dated July 1, 2014.

1.8.6 Information on Concentration of exposure:

(₹ in Crore)

	31 March 2015	31 March 2014
Total exposures to Twenty Largest borrowers/customers	7666.50	7705.90
Percentage of exposures to twenty largest borrowers/customers to total exposure of the bank on borrowers/customers	10.06%	11.16%





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Note: Exposure is computed as per the definition of Credit and Investment Exposure in RBI Master Circular on Exposure Norms DBOD. No. Dir. BC.12/13.03.00/ 2014-15 dated July1, 2014.

The bank has compiled the data for the purpose of disclosure in Note No. 1.8.4 to 1.8.6 from its internal MIS system and has been furnished by the management, which has been relied upon by the auditors.

1.8.7 Information on Concentration of NPAs:

(₹ in Crore)

	31 March 2015	31 March 2014
Total exposures to top four NPA accounts	247.85	166.54

1.8.8. During the year ended 31 March, 2015 and 31 March, 2014, the Bank's credit exposure to single borrower and group borrowers was within the prudential exposure limits prescribed by RBI.

1.8.9 Sector wise advances and NPA

The details of Sector-wise Gross Advances and Gross NPAs as at March 31,2015 and March 31,2014 are given below:

(₹ in Crore)

Sl. No.	Sector*	31 March 2015			31 March 2014		
		Gross Advances	Gross NPAs	% of Gross NPAs to Gross Advances in that sector	Gross Advances	Gross NPAs	% of Gross NPAs to Gross Advances in that sector
A	Priority Sector						
1.	Agriculture and allied activities	6313.57	126.23	2.00	4548.98	161.83	3.56
2.	Advances to industries sector eligible as priority sector lending	3479.02	88.46	2.54	2982.12	84.77	2.84
	<i>Of which Food processing</i>	1216.99	3.23	0.26	835.46	9.93	1.19
3.	Services	3737.49	159.17	4.26	3909.31	164.38	4.20
4.	Personal loans	-	-	-	-	-	-
5.	Others	4071.93	116.45	2.86	3966.46	151.74	3.83
	Sub-total (A)	17602.01	490.31	2.79	15406.87	562.72	3.65
B	Non Priority Sector						
1.	Agriculture and allied activities	-	-	-	-	-	-
2.	Industry	9249.22	345.07	3.73	9263.35	328.06	3.54
	<i>Of which Electricity (generation – transportation and distribution)</i>	2359.61	-	-	2043.64	-	-
3.	Services	13030.11	148.28	1.14	9337.08	139.43	1.49
4.	Personal loans	41.82	2.18	5.22	48.20	2.15	4.46
5.	Others	12028.21	71.89	0.60	10101.77	55.05	0.54
	Sub-total (B)	34349.36	567.42	1.65	28750.40	524.69	1.82
	Total (A+B)	51951.37	1057.73	2.04	44157.27	1087.41	2.46

*Classification into sectors/subsectors as above has been done based on Bank's internal norms.





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1.8.10 Details of Intra-Group Exposure

(₹ in Crore)

Sl. No.	Particulars	31 March 2015	31 March 2014
1	Total amount of intra-Group exposure*	648	598
2	Total amount of top-20 intra group exposure*	648	598
3	Percentage of intra group exposures to total exposure of the bank to borrowers/ customers *(%)	0.85%	0.92%
4	Details of breach of limits on intra-group exposures and regulatory action thereon, if any	Nil	Nil

* Exposure is computed as per the definition of Credit and Investment Exposure in RBI Master Circular on Exposure Norms DBOD. No. Dir.BC.12/13.03.00/ 2014-15 dated July1, 2014.

1.8.11 Transfers to Depositor Education and Awareness Fund (DEAF)

(₹ in Crore)

Particulars	31 March 2015	31 March 2014
Opening balance of amounts transferred to DEAF	-	-
Add: Amounts transferred to DEAF during the year	67.80	-
Less: Amounts reimbursed by DEAF towards claims	1.00	-
Closing balance of amounts transferred to DEAF	66.80	-

Note: The provisions of DEAF Scheme, 2014 are effective from May 24, 2014 and hence prior period figures are not applicable.

1.9. Details of Penalty imposed by RBI

(₹ in Lakhs)

Particulars	2014-15	2013-14
Penalty for certain operating deficiencies	0.55	-
Penalty for Non- compliance of instructions with respect to direction on Know your Customer (KYC) norms/ Anti Money Laundering (AML) standards, Cash transactions and sale of third party products.	NIL	300.00
Dates of Payment	Various dates	23rd July, 2013

Note : Penalty was imposed by RBI in terms of Section 47A read with section 46 of the Banking Regulation Act, 1949.

1.10. Disclosure of customer complaints

	Particulars	31 March 2015	31 March 2014
(a)	No. of complaints pending at the beginning of the year	69	48
(b)	No. of complaints received during the year	4201	2743
(c)	No. of complaints redressed during the year	4208	2722
(d)	No. of complaints pending at the end of the year	62	69

The above information is as certified by the Management and relied upon by the auditors.





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SCHEDULE 18: NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015 (CONTD...)

1.11. Disclosure of Awards passed by the Banking Ombudsman

		31 March, 2015	31 March, 2014
(a)	No. of unimplemented awards at the beginning of the year	1@	1@
(b)	No. of awards passed by the Banking Ombudsman	-	-
(c)	No. of awards implemented during the year	-	-
(d)	No. of unimplemented awards at the end of the year	1@	1@

@ Appeal rejected by Appellate Authority, case filed in High Court and stay obtained

The above information is as certified by the Management and relied upon by the auditors.

1.12. Draw Down from Reserves

The Bank has not made any draw down from reserves during the year.

In accordance with Reserve Bank of India circular DBOD.No.BP.BC.77/21.04.018/ 2013-14 dated 20 December 2013, the Bank has provided deferred tax liability in respect of special reserve created under Section 36 (1) (viii) of the Income Tax Act 1961 for the period upto 31 March 2013 amounting to ₹53.96 Crore by drawing down the balance from Revenue Reserve during the previous year.

1.13. Letter of Comfort

The Bank has not issued any letters of comfort (LoC) on behalf of its subsidiaries.

1.14. Bancassurance Business

Details of income earned from bancassurance business:

(₹ in Crore)

Sl. No.	Nature of Income *	31 March 2015	31 March 2014
1	For selling life insurance policies	20.29	20.20
2	For selling non-life insurance policies	2.09	1.73
3	For selling mutual fund products	0.97	0.68
4	Others	3.36	1.95

* - Includes receipts on account of marketing activities undertaken on behalf of Bancassurance partners.

1.15. Sponsored SPVs

The Bank has not sponsored any special purpose vehicle which is required to be consolidated in the consolidated financial statements as per accounting norms.

1.16. Details of Overseas Assets, NPAs and Revenue - Nil

1.17 Securitisation Transactions

The Bank has not done any securitisation transactions during the year ended 31 March, 2015 and 31 March, 2014.





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SCHEDULE 18: NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015 (CONTD...)

1.18 Disclosures on Remuneration

(i) Qualitative disclosures

- a)** Information relating to the composition and mandate of the Nomination, Remuneration, Compensation and Ethics Committee (or Remuneration Committee in short):

The Remuneration Committee of the Board oversees the framing, review and implementation of the compensation policy of the Bank, on behalf of the Board.

This committee works in coordination with Risk Management Committee of the Bank, in order to achieve effective alignment between risk and remuneration.

As on 31 March, 2015, the remuneration committee of the Board comprises of the following Independent Directors:

- Shri Niles S Vikamsey - Chairman
- Prof. Abraham Koshy
- Shri Sudhir M Joshi

The above committee of the Board functions with the following objectives:

- a) To review the Compensation package for the MD and CEO and Executive Director and recommend revisions for Board approval
- b) To consider and approve issuance and allotment of ESOS shares to MD/ED and employees of the Bank.
- c) To develop and implement an effective compensation policy, as per RBI guidelines

- b)** Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.

The compensation payable to MD & CEO, ED and Senior Executives is divided into fixed and variable components. The fixed compensation is determined based on the industry standards, the exposure, skill sets, talent and qualification attained by the official over his/her career span etc. Approval from RBI is obtained to decide fixed compensation for MD & CEO and ED.

The variable compensation for MD & CEO and senior executives (Non – IBA package i.e. CGM and above) are determined based on Bank's performance and Key Performance Areas (KPA) set for the official. KPAs contain targets on risk adjusted metrics such as Risk Adjusted Return on Capital (RAROC), Risk Adjusted Return on Risk Adjusted Capital (RARORAC), in addition to target on NPAs.

The objectives of the remuneration policy are four fold:

- To align compensation with prudent risk taken
- To drive sustainable performance in the organization
- To ensure financial stability of the organization; and
- To attract and retain talent

- c)** Description of the ways in which current and future risks are taken into account in the remuneration processes.

For the purpose of effectively aligning compensation structure with risk outcomes, the functionaries in the Bank are arranged under the following four categories

MD & CEO / ED

Senior Executives (Non IBA package)

Senior Executives (On IBA package)

Other members of staff (on IBA package)





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Limit on variable pay

The variable compensation offered to an official would not exceed 70% of the total fixed compensation

Severance pay and guaranteed bonus

Severance pay (other than gratuity or terminal entitlements or as entitled by statute) is not paid to any official of the organization. Sign on bonus or joining bonus is limited to the first year and is paid only as Employee stock options.

Hedging

No compensation scheme or insurance facility would be provided by the Bank to employees to hedge their compensation structure to offset the risk alignment mechanism (deferral pay and clawback arrangements) embedded in their compensation arrangement.

Compensation Recovery policy

A claw back arrangement or a compensation recovery policy is provided, which will entail the Bank to recover proportionate amount of variable compensation paid to the above functionaries on account of an act or decision taken by the official which has brought forth a negative contribution to the bank at a prospective stage. The claw back arrangement would be valid for a period of three years from the date of payment of variable compensation.

Committees to mitigate risks caused by an individual decision

In order to further balance the impact of market or credit risks caused to the organization by an individual decision taken by a senior level executive, MD & CEO or ED, the bank has constituted various committees to take decisions on various aspects.

Credit limits are sanctioned by committees at different levels.

Investment decisions of the Bank are taken and monitored by Investment committee and there is an upper limit in treasury dealings where individual decisions can be taken.

Interest rates on asset and liability products for different buckets are decided and monitored by the Asset Liability Committee of the Board (ALCO). Banks' exposure to liquidity risk are also monitored by ALCO.

Integrated Risk Management Department (IRMD)

In order to effectively govern the compensation structure, IRMD would assist the Remuneration Committee of the Board to monitor, review and control various risks and balance prudent risk taking with the compensation paid out to top executives and other employees.

Compensation of risk control staff

The total fixed and variable compensation paid out to the employees of IRMD are independent of business parameters and rendering of effective support to the Remuneration Committee of the Board. The variable compensation component (Performance Linked Incentive or PLI) will be subjected to a minimum and greater proportion of compensation will be fixed in nature to ensure autonomy and independence from business goals.

d) Linkage of performance during a performance measurement period with levels of remuneration.

The Bank's performance is charted based on the revenue point index / performance scorecard which takes into account various financial indicators like revenue earned, cost deployed, profit earned, NPA position and other intangible factors like leadership and employee development. Variable pay is paid purely based on performance and is measured through Score cards for MD& CEO / EDs. The score card provides a mix of financial and non-financial, quantitative and qualitative metrics.





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Compensation paid to Senior executives and other staff members on IBA package

The compensation paid to other officials that include Award staff, Officers coming under Scale I to III and Senior executives coming under Scale IV to VII is fixed based on the periodic industry level settlements with Indian Banks Association. The variable compensation paid to these functionaries is based on the Performance Linked incentive scheme which has been formulated on the basis of performance parameters set in Performance Management System

e) Bank's policy on deferral and vesting of variable remuneration and criteria for adjusting deferred remuneration before vesting and after vesting.

Deferred compensation and Performance Linkage

In the event variable compensation paid to MD & CEO, ED and Senior Executives (Non-IBA) exceeds more than 50% of the fixed compensation for the year on account of high level of Bank's performance, 60% of the variable pay so entitled to the official will be deferred for payment over a period of 3 years. The amount is parked in an escrow account and the payment will be made in the ratio of 20:30:50 over a period of three years, i.e.

- 20 % of the deferred compensation will be paid in the first year
- 30% of the deferred compensation in the second year; and
- 50 % of the deferred compensation in the third year

Clawback and deferral arrangements

The provisions of clawback and deferral arrangements are applicable to the referred functionaries and all employees in the event their variable compensation exceeds 50 % of their fixed emoluments

f) Description of the different forms of variable remuneration

Bank uses an optimum mix of cash, ESOPS and variable PLI to decide the compensation of employees in all categories. The distribution of ESOPS and variable PLI are higher in top levels and is linked with their performance measurements taken from Scorecards. This is done to align the compensation of senior staff with their performance, risk and responsibility taken in higher assignments. The Officers in Scale I-III as well as Award staff come under the purview of IBA package that is as per the Industry wide settlements. Variable compensation, ESOP, is linked with seniority in these levels

(ii) Quantitative disclosures

		31 March 2015	31 March 2014
(a)	Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	4 ₹ 2,30,000	10 ₹ 360,000
	(i) Number of employees having a variable remuneration award during the financial year.	3	3
(b)	(ii) Number and total amount of sign-on awards made during the financial year.	Nil	Nil
	(iii) Details of guaranteed bonus, if any, paid as joining / sign on bonus	Nil	Nil
	(iv) Details of severance pay, in addition to accrued benefits, if any.	Nil	Nil
(c)	(i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms	Nil	Nil
	(ii) Total amount of deferred remuneration paid out in the financial year.	Nil	Nil
(d)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred (₹ in Crore)	1.51(Fixed) 0.34(Variable)	1.54(Fixed) 0.26(Variable)
(e)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	Nil Nil Nil	Nil Nil Nil





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1.19 Unhedged Foreign Currency Exposure

The Bank has in place a policy on managing credit risk arising out of unhedged foreign currency exposures of its borrowers. The objective of this policy is to maximize the hedging on foreign currency exposures of borrowers by reviewing their foreign currency exposures and encouraging them to hedge the unhedged portion. The policy framework also articulates the methodologies for ascertaining the amount of unhedged foreign currency exposures, estimating the extent of likely loss, estimating the riskiness of the unhedged position and making appropriate provisions and capital charge as per extant RBI guidelines. In line with the policy, assessment of unhedged foreign currency exposure is a part of credit appraisal while proposing limits or at the review stage. Further, the bank reviews the unhedged foreign currency exposure across its portfolio on a periodic basis. The Bank maintains incremental provisions and additional capital for the unhedged foreign currency exposures of its borrowers in line with the extant RBI guidelines. The Bank has maintained ₹ 8.45 Crore as provision and ₹ 9.49 Crore as additional capital for computation of capital adequacy Ratio on account of the unhedged foreign currency exposures of borrowers as at March 31, 2015.

1.20 Liquidity Coverage Ratio (LCR)

(₹ in Crore)

		31 March 2015	
		Total Un weighted value (Avg)	Total weighted value (Avg)
High Quality Liquid Assets			
1	Total high Quality Liquid Assets (HQLA)	7594.56	7485.40
Cash Outflows			
2	Retail deposits and deposits from small business customers of which:	62865.40	4848.03
(i)	Stable deposits	28770.18	1438.51
(ii)	Less Stable deposits	34095.22	3409.52
3	Unsecured wholesale funding of which;	2736.54	1455.37
(i)	Operational deposits (all counterparties)	84.68	19.31
(ii)	Non-operational deposits (all counterparties)	2651.86	1436.06
(iii)	Unsecured debt	-	-
4	Secured wholesale funding	-	-
5	Additional requirements, of which;	129.77	129.77
(i)	Outflows related to derivative exposures and other collateral requirements	129.77	129.77
(ii)	Outflows related to loss of funding on debt products	-	-
(iii)	Credit and liquidity facilities	-	-
6	Other contractual funding obligations	13296.53	1233.98
7	Other contingent funding obligations	4326.77	216.34
8	Total Cash Outflows	83355.01	7883.49
Cash inflows			
9	Secured lending (e.g. reverse repos)	-	-
10	Inflows from fully performing exposures	1934.95	967.47
11	Other cash inflows	287.33	287.33
12	Total Cash Inflows	2222.27	1254.80
13	TOTAL HQLA	-	7485.40
14	Total Net Cash Outflows	-	6628.69
15	Liquidity Coverage Ratio (%)	-	112.92%





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Qualitative Disclosure

The Bank measures and monitors the LCR in line with the Reserve Bank of India's circular dated June 9, 2014 on "Basel III Framework on Liquidity Standards – Liquidity Coverage ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards". Liquidity Coverage Ratio (LCR) promotes short-term resilience of banks to potential liquidity disruptions by ensuring that they have sufficient high quality liquid assets (HQLAs) to survive an acute stress scenario lasting for 30 days. Bank has computed LCR on a monthly basis and has maintained LCR well above the regulatory minimum during the quarter. Bank could consistently maintain LCR above 100% during the quarter. Bank has not computed LCR for any foreign currency exposure since the aggregate liabilities denominated in any foreign currency doesn't amount to 5 percent or more of the Bank's total liabilities.

On an average, 90% of the HQLA maintained by the Bank comprises of Level 1 assets which is the most liquid asset category. Cash in hand, excess CRR and SLR, G- Sec within mandatory SLR requirement permitted by RBI under MSF (presently 2% of NDTL) and facility to avail liquidity ratio (5% of NDTL) constitutes Level 1 HQLA. Level 2 Assets maintained by the Bank comprises of marketable securities representing claims on or claims guaranteed by sovereigns, Public Sector Entities (PSEs) or multilateral development banks that are assigned a 20% risk weight under the Basel III Standardized Approach for credit risk and that are not issued by a bank/financial institution/NBFC or any of its affiliated entities and Corporate bonds, not issued by a bank/financial institution/NBFC or any of its affiliated entities, which have been rated AA- or above by an Eligible Credit Rating Agency. HQLA is also well diversified across various instruments and liquid asset types and should provide the Bank with adequate and timely liquidity.

Bank has a well diversified funding portfolio. Retail deposits, considered as stable from a liquidity perspective is the major funding source of the Bank and it forms around 76.50% of the Bank's total liabilities. Wholesale deposits and Inter- bank deposits constitutes only about 9% of the liabilities, indicating lower dependence of the Bank on wholesale funds.

The liquidity risk management in the Bank is guided by the ALM Policy. Asset Liability Management Committee (ALCO) is the executive level committee responsible for ALM process in the Bank. Bank's liquidity management is actively done by the Treasury department as per the directions of ALCO. Integrated Risk Management Department actively monitors the liquidity position of the Bank and apprises ALCO on a continuous basis to initiate appropriate actions such that the Liquidity position is well within the Risk Appetite set by the Board of Directors.

2. Other Disclosures

2.1. Earnings per Share ('EPS')

Particulars	31 March 2015	31 March 2014
Weighted average number of equity shares used in computation of basic earnings per share (in 000's)	8,55,830	8,55,306
Weighted average number of equity shares used in computation of diluted earnings per share (in 000's)	8,55,830	8,55,306
Nominal Value of share (in ₹)	2	2
Basic earnings per share (in ₹)	11.75	9.81
Diluted earnings per share (in ₹)	11.75	9.81
Earnings used in the computation of basic and diluted earnings per share (₹ in '000)	1,00,57,505	83,88,877

2.2 A. Subscribed and paid up capital includes:

- (i) 16,590 shares of ₹2/- each (Previous Year 16,590 shares of ₹ 2/- each) issued for consideration other than cash
- (ii) 1,66,66,588 underlying equity shares of ₹2/- each (Previous Year 2,10,25,590 of ₹2/- each) held by custodian on behalf of holders of Global Depository Receipts (GDRs)
- (iii) 14,14,692 ESOS shares of ₹2/- per share (Previous Year 74,280 shares of ₹2/- per share) allotted under ESOS 2010.





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B. Allotment of 6530 shares of ₹2/- each (Previous year 6,530 shares of ₹2/- each pertaining to the Right issue of 1993 issued at premium of ₹25/- per share and 2,62,100 shares of ₹2/- each (Previous year 2,62,100 shares of ₹2/- per share) pertaining to the Rights issue of 1996 issued at a premium of ₹140/- per Share and 10,80,415 equity shares of ₹2/- each (previous year 10,83,415 shares of ₹2/- per share, at a premium of ₹240/- per share) pertaining to Rights issue of 2007 are kept pending following orders from various courts.

Issue of certificates/credit in demat account in respect of 4,11,940 shares of ₹2/- each (previous year 4,12,940 shares of Rs.2/- each) out of the Bonus issue of 2004 are kept in abeyance consequent to injunction orders from various courts.

2.3. Employee Stock Option Scheme ("ESOS"):

(i) Shareholders of the bank had approved Employee Stock Option Scheme (ESOS) through postal ballot, the result of which was announced on December 24, 2010, enabling the Board and/or the "Compensation Committee" to grant such number of equity shares, including options, of the Bank not exceeding 5% of the aggregate number of paid up equity shares of the Bank, in line with the guidelines of SEBI. Pursuant thereto, the Compensation Committee of the bank granted the following options:

	Number of Options	
	31 March 2015	31 March 2014
Outstanding at the beginning of the year	3,70,27,805	2,72,31,395
Surrendered during the year	-	-
Granted during the year*	55,78,225	1,30,47,125
Exercised during the year	13,40,412	16,125
Forfeited/lapsed during the year	7,03,525	32,34,590
Outstanding at the end of the year	4,05,62,093	3,70,27,805
Options exercisable	2,04,87,033	1,37,95,665

*ESOS granted on 12th September, 2014 with vesting period of 1,2,3 and 4 years. Exercise period of 5 years and exercise price of ₹ 124/- per share.

As per SEBI guidelines the accounting for ESOS can be done either under the 'Intrinsic value basis' or 'Fair value basis'.

The Compensation Committee in their meeting dated 10/05/2012 decided to adopt 'Intrinsic value method' for accounting of ESOS, in terms of the power vested on them as per the resolution of EGM dated 24 December 2010

The exercise price of the options granted is the same as the market price on the date prior to grant date and hence there is no intrinsic value for the options, which has to be amortized over the vesting period. If "Fair Value Method" had been adopted based on "Black-Scholes pricing model" for pricing and accounting of options, net profit would be lower by ₹ 25.42 Crore (Previous Year: ₹ 20.03 Crore)

The modified basic and diluted earnings per share for the year, had the company followed Fair Value Method of accounting for ESOS compensation cost would be ₹ 11.45 and ₹ 11.33 (Previous Year: ₹ 9.57 and ₹ 9.51) respectively.

ii) Dividend paid on shares issued on exercise of stock option

The Bank may allot shares between the Balance Sheet date and record date for the declaration of dividend pursuant to the exercise of any employee stock options. These shares will be eligible for full dividend for the year ended 31 March 2015, if approved at the ensuing Annual General Meeting. Dividend relating to these shares has not been recorded in the current year.

iii) Dividend (Including tax/cess thereon) appropriation of ₹ 0.02 Crore represent dividend for Financial Year 2013-14 on the shares issued under Employee Stock Options Scheme before the record date, as per shareholders approval.





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2.4. Segment Reporting (AS 17)

Business of the Bank is divided into four segments viz. Treasury, Corporate or Wholesale Banking, Retail Banking and other banking operations. The principal activities of these segments and income and expenses structure are as follows:

Treasury

Treasury operations include trading and investments in Government and corporate debt instruments, equity and mutual funds, derivative trading and foreign exchange operations on proprietary account and for customers.

The income of this segment primarily consists of earnings from the investment portfolio of the bank, gains and losses on trading operations. The principal expense of the segment consists of interest expense on funds borrowed/utilized and other allocated overheads.

Corporate/Wholesale Banking:

This segment provides loans and other banking services to Corporate and other clients where value of individual exposure to the Clients exceeds ₹5 Crore as defined by RBI. Revenue of this segment consists of interest and fees earned on loans to such customers and charges and fees earned from other banking services. Expenses of this segment primarily consist of interest expense on funds utilized and allocated overheads

Retail banking:

Retail banking constitutes lending and other banking services to individuals/small business customers, other than corporate/wholesale banking customers, identified on the basis of RBI guidelines.

Revenue of this segment consists of interest earned on loans made to such customers and charges /fees carried from other banking services to them. The principal expenses of the segment consist of interest expenses on funds borrowed and other expenses.

Other Banking Operations

This segment includes parabanking activities like third party product distribution and other banking transactions, not covered under any of the above segments. The income from such services and associated costs are disclosed in this segment.

Segment results as on 31 March 2015, are set out below:

(₹ in Crore)

Business Segments	Treasury	Corporate/ Whole sale Banking	Retail Banking	Other Banking Operations	Total
Revenue	2250.27	2349.93	3577.97	119.60	8297.77
Result (net of provisions)	342.18	333.99	761.12	103.72	1541.01
Unallocated expense					(19.97)
Operating profit (PBT)					1521.04
Income taxes					(515.29)
Extraordinary profit/loss					-
Net Profit					1005.75
OTHER INFORMATION					
Segment Assets	28815.23	20520.08	31048.89	24.32	80408.52





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(₹ in Crore)

Business Segments	Treasury	Corporate/ Whole sale Banking	Retail Banking	Other Banking Operations	Total
Unallocated assets					2441.96
Total assets					82850.48
Segment liabilities	26245.20	19181.63	29083.69	-	74510.52
Unallocated liabilities					601.82
Total liabilities					75112.34

Segment results as on 31 March 2014, are set out below:

(₹ in Crore)

Business Segments	Treasury	Corporate/ Whole sale Banking	Retail Banking	Other Banking Operations	Total
Revenue	2117.92	2233.40	3146.58	142.03	7639.93
Result (net of provisions)	149.90	291.62	663.46	121.80	1226.78
Unallocated expense					(14.79)
Operating profit (PBT)					1211.99
Income taxes					(373.10)
Extraordinary profit/loss					--
Net Profit					838.89
OTHER INFORMATION					
Segment Assets	28338.42	18443.57	26459.06	15.39	73256.44
Unallocated assets					1337.71
Total assets					74594.15
Segment liabilities	25331.70	17066.36	24520.37	-	66918.43
Unallocated liabilities					725.13
Total liabilities					67643.56

Geographic Segment Information

The business of the bank is concentrated in India. Accordingly, disclosure of geographical segment results is not applicable.

Segment information is provided as per the MIS available for internal reporting purposes, which include certain estimates/ assumption. The methodology adopted in compiling and reporting the above information has been relied upon by the auditors.

2.5. Related Party Disclosures

a) Details of Related Parties:

Name of the Party	Nature of Relationship
IDBI Federal Life Insurance Company Limited	Associate
FedBank Financial Services Limited	Subsidiary
Sri. Shyam Srinivasan, Managing Director & CEO	Key Management Personnel
Mr. P C John , Executive Director & CFO (Upto 30th April, 2013)	Key Management Personnel
Sri. Abraham Chacko (Executive Director)	Key Management Personnel





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b) Significant transactions with related parties:

(₹ in Crore)

Particulars	Key Management Personnel #	
	31 March 2015	31 March 2014
Remuneration		
Sri. Shyam Srinivasan	0.78	0.95
Mr. P C John (including Retirement Benefits)	-	0.20
Sri. Abraham Chacko	0.75	0.82
Dividend Paid	*	*

Asterisk denotes figures below ₹1 Lakh

During the year 2014-15: 641 Thousands (Previous Year: 966 Thousands) number of Stock Options under "ESOS 2010" Scheme were granted to Managing Director & CEO and Executive Director.

The normal transactions of the Bank with the above persons as constituents are not reckoned for the purpose of disclosure.

Note: In accordance with the RBI Guidelines on Compliance with the Accounting Standards by the Banks, the details of transactions with associate/joint venture and subsidiary company have not been disclosed since there is only one entity in the respective category of the related party.

2.6. Fixed Assets

Fixed Assets as per Schedule 10 include Intangible Assets relating to Software and System Development Expenditure which are as follows:

(₹ in Crore)

Particulars	31 March 2015	31 March 2014
Gross Block		
At the beginning of the year	79.12	70.47
Additions during the year	14.50	8.65
Deductions during the year	-	-
Closing Balance	93.62	79.12
Depreciation / Amortisation		
At the beginning of the year	53.79	36.51
Charge for the year	17.98	17.28
Deductions during the year	-	-
Depreciation to date	71.77	53.79
Net Block		
	21.85	25.33

2.7. Revaluation of Fixed Assets

During the year 1995-96, the appreciation of ₹9.65 Crore in the value of land and buildings consequent upon revaluation by approved valuers was credited to Revaluation Reserve. There has been no revaluation of assets during this year.

2.8. Depreciation

During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Bank changed its method of depreciation for certain categories of fixed assets from written down value (WDV) method to straight line method (SLM).





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Consequent to this change, all assets are now being depreciated under SLM except Premises which continues to be depreciated at WDV with useful life as mentioned in Schedule II to the Companies Act, 2013. The Bank also revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II. Further, assets individually costing ₹ 5,000/- or less that were depreciated fully in the year of purchase are now depreciated based on the useful life considered by the Bank for the respective category of assets. The details of previously and currently applied depreciation method, rates / useful life are as follows.

Asset	Previous Method of Depreciation	Previous Rate (%)	Current Method	Current Rate (%)	Useful life as per current method (Years)
Premises	WDV	5.00	WDV	5.00	60
Electrical equipment and Other fittings	WDV	13.91	SLM	9.80	10
Furniture	WDV	18.10	SLM	9.80	10
Cycles	WDV	20.00	SLM	9.80	10
Vehicles	WDV	25.89	SLM	12.25	8
Computers	SLM	33.33	SLM	33.33	3
Improvements to Leased premises	SLM	20.00	SLM	20.00	5

Pursuant to the transitional provisions prescribed in Schedule II to the Companies Act, 2013, the Bank has fully depreciated the carrying value of assets (determined after considering the change in the method of depreciation from WDV to SLM), net of residual value, where the remaining useful life of the asset was determined to be Nil as on April 1, 2014, and has adjusted an amount of ₹ 2.32 Crore (net of deferred tax of ₹ 1.19 Crore) against the opening Surplus balance in the Statement of Profit and Loss under Reserves and Surplus.

The bank has changed the method of providing depreciation from written down value method to Straight line method for certain assets from 1st April, 2014. This change in method has resulted in excess depreciation charge in earlier years amounting to ₹ 24.37 Crore which has been reversed to Profit and Loss Account for the quarter and nine months ended 31st December, 2014.

The depreciation expense in the Profit and Loss Account for the year is lower by ₹ 4.69 Crore consequent to the above change in the method of depreciation .

2.9. Deferred Tax Assets / Liability

The major components of deferred tax assets and deferred tax liabilities are as under:

(₹ in Crore)

	31 March 2015	31 March 2014
Deferred Tax Liability		
Tax effect of items constituting deferred tax liability:		
(i) Interest accrued but not due	142.16	137.83
(ii) Depreciation on Investments	106.43	349.70
(iii) Depreciation on Fixed Assets	-	2.80
(iii) Reserve under Section 36(1)(viii) of the Income Tax Act, 1961	80.28	12.99
Total (A)	328.87	503.32
Deferred Tax Asset		
Tax effect of items constituting deferred tax assets:		
(i) Interest/premium paid on purchase of securities	78.10	65.89
(ii) Provision for Standard Assets	99.24	83.41





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	31 March 2015	31 March 2014
(iii) Depreciation on Fixed Assets	1.88	-
(iv) Others	108.97	227.02
Total (B)	288.19	376.32
Deferred tax liability/ (Asset) (A-B)	40.68\$	127.00
Less: Deferred tax on value of assets depreciated on expiry of useful life as on 1 April, 2014.	1.19	-
Add: Deferred tax on Reserve under Section 36(1)(viii) of the Income Tax Act, 1961, upto 31 March, 2013 drawn from Revenue Reserve	-	53.96
Less: Deferred tax on Provision for NPA and other disallowances by the Income Tax Department / reversal	-	(104.70)
Net Deferred tax liability/ (Asset)	39.49	285.66\$

\$ Net of Deferred tax of ₹ 244.98 Crore (Previous Year ₹ 252.39 Crore [debited]) credited to Profit and Loss Account

2.10. Employee Benefits

a) Defined Contribution Plan

Provident Fund

Employees, who have not opted for pension plan are eligible to get benefits from provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid on retirement, death, incapacitation or termination of employment. Both the employee and the Bank contribute a specified percentage of the salary to the Federal Bank Employees' Provident Fund. The Bank has no obligation other than the monthly contribution.

The Bank recognized ₹ 0.30 Crore (Previous year: ₹ 0.34 Crore) for provident fund contribution in the Profit and Loss Account

New Pension Scheme

As per the industry level settlement dated 27/04/2010, employees who joined the services of the Bank on or after 01/04/2010 are not eligible for the existing pension scheme whereas they will be eligible for Defined Contributory Pension Scheme (DCPS) in line with the New Pension Scheme introduced for employees of Central Government. Employee shall contribute 10% of their Basic Pay and Dearness Allowance towards DCPS and the Bank will also make a matching contribution. There is no separate Provident Fund for employees joining on or after 01/04/2010.

The Bank recognized ₹ 13.34 Crore (Previous year: ₹ 9.41 Crore) for DCPS contribution in the Profit and Loss Account.

b) Defined benefit plan

Gratuity

The Bank provides for Gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering the eligible employees. The Gratuity Plan provides a lumpsum payment to vested employees on retirement, death, incapacitation or termination of employment, of an amount based on the respective employees' salary and the tenure of employment. Vesting occurs upon completion of five years of service as per Payment of Gratuity Act, 1972 and its amendment with effect from 24.05.2010 or as per the provisions of the Federal Bank Employees' Gratuity Trust Fund Rules / Bi-partite Award provisions. Liabilities with regard to the Gratuity Plan are determined by Actuarial valuation as on the Balance Sheet date, based upon which, the Bank contributes all the ascertained liabilities to the Federal Bank Employees' Gratuity Trust Fund (the "Trust"). Trustees administer contributions made to the Trust and contributions are invested in specific investments as permitted by law.





THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015 (CONTD...)

Superannuation / Pension

The Bank provides for monthly pension, a defined benefit retirement plan (the "pension plan") covering eligible employees. The pension plan provides a monthly pension after retirement of the employees till death and to the family after the death of the pensioner. The monthly pension is based on the respective employees' salary and the tenure of employment. Vesting occurs upon completion of ten years of service. The Bank pays the monthly pension by purchasing annuities from Life Insurance Corporation of India (LIC). Liabilities with regard to the pension plan are determined by actuarial valuation as on the Balance Sheet date, based upon which, the Bank contributes all the ascertained liabilities to the Federal Bank (Employees') Pension Fund (the "Trust"). Trustees administer contributions made to the Trust and contributions are invested in specific investments as permitted by law.

The following table as furnished by Actuary sets out the funded status of gratuity / pension plan and the amount recognized in the Bank's financial statements as at March 31, 2015.

i) Change in benefit obligations:

(₹ in Crore)

Particulars	Gratuity Plan		Pension Plan	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Projected benefit obligation, beginning of the year	201.26	240.13	531.78	584.12
Service Cost	13.59	13.07	56.51	47.11
Interest cost	15.03	19.75	36.90	44.22
Actuarial (gain)/ loss	6.33	(42.74)	103.42	13.77
Benefits paid	(26.87)	(28.95)	(141.13)	(157.44)
Projected benefit obligation, end of the year	209.34	201.26	587.48	531.78

ii) Change in plan assets:

(₹ in Crore)

Particulars	Gratuity Plan		Pension Plan	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Plan assets at beginning of the year at fair value	230.83	221.67	416.25	444.17
Expected return on plan assets	20.52	19.49	36.96	38.33
Actuarial gain/(loss)	(0.96)	0.16	3.56	0.26
Employer's Contributions	-	18.46	228.76	90.93
Benefits paid	(26.87)	(28.95)	(141.13)	(157.44)
Plan assets at end of the year, at fair value	223.52	230.83	544.40	416.25

iii) Reconciliation of present value of the obligation and the fair value of the plan assets:

(₹ in Crore)

Particulars	Gratuity Plan		Pension Plan	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Fair value of plan assets at the end of the year	223.52	230.83	544.40	416.25





THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015 (CONTD...)

(₹ in Crore)

Particulars	Gratuity Plan		Pension Plan	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Present value of the defined benefit obligations at the end of the year	209.34	201.26	587.48	531.78
Liability/ (Asset) recognized in the Balance Sheet	(14.18)	(29.57)	43.08	115.53@

@ Includes amount payable on account of transitional liability due to second option for pension ₹ Nil (Previous year ₹ 33.68 Crore)

iv) Gratuity/ pension cost for the year ended 31st March, 2015

(₹ in Crore)

Particulars	Gratuity Plan		Pension Plan	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Service cost	13.59	13.07	56.51	47.11
Interest cost	15.03	19.75	36.90	44.22
Expected return on plan assets	(20.52)	(19.49)	(36.96)	(38.33)
Actuarial (gain)/loss	7.29	(42.90)	99.86	13.51
Employee Cost	15.39	(29.57)	156.31	66.51
Amortisation Cost	-	-	33.68	33.68
Net cost Debit to Profit and Loss account	15.39	(29.57)	189.99	100.19
Amount not debited in profit and loss account, but carried over to be amortised in future years *	-	-	-	33.68
Actual return on plan assets	19.56	19.65	40.52	38.59

*See item No.2.11 of Schedule 18

v) Investment details of plan Assets

(₹ in Crore)

Particulars	Gratuity Plan		Pension Plan	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Central and state Government bonds	40.13	42.66	129.72	134.04
Other debt securities	27.15	27.65	79.05	82.04
Balance in Saving bank account with the Bank	2.14	1.17	56.83	2.94
Net current assets	1.89	2.04	5.88	6.15
Balance with LIC#	152.21	157.31	272.92	191.08
Total	223.52	230.83	544.40	416.25

In the absence of detailed information regarding plan assets which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.





THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015 (CONTD...)

vi) Experience adjustments

i) Gratuity Plan

(₹ in Crore)

	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Defined Benefit Obligations	209.34	201.26	240.13	225.25	203.51
Plan Assets	223.52	230.83	221.67	198.87	184.69
Surplus/ (Deficit)	14.18	29.57	(18.46)	(26.38)	(18.82)
Experience adjustments on Plan Liabilities [Gain / (Loss)]	(6.31)	(5.74)	17.02	0.03	13.89
Experience Adjustments on Plan Assets [Gain / (Loss)]	1.19	1.76	22.33	0.64	(0.26)

ii) Pension Plan

(₹ in Crore)

	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Defined Benefit Obligations	587.48	531.78	584.12	598.76	589.34
Plan Assets	544.40	416.25	444.17	422.62	404.04
Surplus/ (Deficit)	(43.08)	(115.53)	(139.95)	(176.14)	(185.30)
Experience adjustments on Plan Liabilities [Gain / (Loss)]	(79.75)	(8.18)	(1.22)	450.11	0.59
Experience Adjustments on Plan Assets [Gain / (Loss)]	2.19	3.03	1.38	0.96	(0.37)

vii) Assumptions

Particulars	Gratuity Plan		Pension Plan	
	31 March, 2015	31 March, 2014	31 March, 2015	31 March, 2014
Discount rate	8.00%	8.75%	8.00%	8.75%
Annuity rate per Rupee	-	-	126.18297	126.18297
Salary escalation rate	5.10%	5.10%	5.10%	5.10%
Estimated rate of return on plan assets	8.89%	8.79%	8.88%	8.63%
Attrition Rate	3.00%	3.00%	3.00%	3.00%
Mortality Table	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

As the contribution expected to be paid to the defined benefit plans during the annual period beginning after the balance sheet date is based on various internal / external factors, a best estimate of the contribution is not determinable.





THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015 (CONTD...)

(c) Leave Encashment/Sick Leave / Leave Travel Concession / Unavailed Casual Leave

The employees of the Bank are entitled to compensated absence. The employees can carry forward a portion of the unutilised accrued compensated absence and utilise it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence for a maximum of 240 days. The Bank records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Bank measures the expected cost of compensated absence as the additional amount that the Bank expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date based on actuarial valuations.

A sum of ₹8.73 Crore (Previous year: ₹2.13 Crore) has been provided towards the above liabilities in accordance with AS 15 (Revised) based on actuarial valuation.

The Actuarial liability of compensated absences of accumulated privilege, sick, casual leaves and leave travel concession of the employees of the Bank is given below:

(₹ in Crore)

	31 March 2015	31 March 2014
Privilege leave	120.89	115.99
Sick leave	30.93	30.77
Leave Travel Concession	11.03	7.67
Casual Leave	0.82	0.51
Total actuarial liability	163.67	154.94
Assumptions		
Discount rate	8.00%	8.75%
Salary escalation rate	5.10%	5.10%
Attrition Rate	3.00%	3.00%

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

The above information is as certified by the actuary and relied upon by the auditors

2.11. The net liability arising on exercise of second option for Pension by employees (other than separated / retired employees) actuarially determined during Financial Year 2010-11 at ₹168.43 Crore is amortised equally over a period of five years pursuant to the exemption from the application of the provisions of the Accounting Standard (AS) 15, Employee Benefits, granted by the Reserve Bank of India and made applicable to the Bank vide letter no. DBOD No.BPBC.15896 / 21.04.018 / 2010-11 dated April 8, 2011. Accordingly, an amount of ₹33.68 Crore (Previous Year: ₹ 33.68 Crore), being proportionate amount is charged to Profit and Loss Account for the year

2.12. Provisions and Contingencies

a) Movement in provision for frauds included under other liabilities:

(₹ in Crore)

	31 March 2015	31 March 2014
Opening balance at the beginning of the year	5.32	5.10
Additions during the year	2.30	0.22
Reductions on account of payments during the year	-	-
Reductions on account of reversals during the year	0.98	*
Balance at the end of the year	6.64	5.32

Asterisk denotes figure below ₹1,00,000/-





THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015 (CONTD...)

b) Movement in provision for debit card reward points:

	31 March 2015	31 March 2014
Opening provision at the beginning of the year	1.00	3.53
Provision made during the year	2.76	-
Reductions during the year	1.51	2.53
Closing provision at the end of the year	2.25	1.00

c) Movement in provision for other contingencies:

	31 March 2015	31 March 2014
Opening provision at the beginning of the year	142.05	32.82
Provision made during the year	17.47	110.69
Reductions during the year	13.98	1.46
Closing provision at the end of the year	145.54	142.05

d) Movement in floating provisions:

Particulars	Standard Assets Provisions		NPA Provision	
	2014-15	2013-14	2014-15	2013-14
Opening balance	25.50	38.00	179.52	179.52
Provision made during the year	-	-	-	-
Draw down from provision*	12.75	12.50	41.34	-
Closing balance	12.75	25.50	138.18	179.52

* Floating provision has been utilised in accordance with RBI guideline dated February 7, 2014 and March 30, 2015.

2.13 Description of contingent liabilities:

a) Claims against the Bank not acknowledged as debts

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax and other statutory authorities and disputed by the Bank.

b) Liability on account of forward exchange and derivative contracts

The Bank enters into foreign exchange contracts, (currency swaps, Forward exchange contracts and currency futures) on its own account and forward exchange contracts for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in two currencies, based on ruling spot rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. Currency Futures contract is a standardized, exchange-traded contract, to buy or sell a certain underlying currency at a certain date in the future, at a specified price.

c) Guarantees given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations..





THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015 (CONTD...)

d) Acceptances, endorsements and other obligations

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

e) Other items for which the bank is contingently liable

Includes capital commitments and amount transferred to RBI under the Depositor Education and Awareness Fund (DEAF)

Refer schedule 12 for amounts relating to contingent liability.

2.14 Provision for Long Term contracts

The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the bank has reviewed and recorded adequate provision as required under any Law/Accounting Standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements.

2.15 Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2nd October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

2.16 Figures for the previous year have been regrouped and reclassified, wherever necessary to conform to current year's presentation.

For and on behalf of the Board of Directors

Krishnakumar K
Deputy General Manager

Girish Kumar Ganapathy
Company Secretary

Abraham Chacko
Executive Director
(DIN : 06676990)

Shyam Srinivasan
Managing Director & CEO
(DIN : 02274773)

D. Sampath
General Manager & CFO

Prof. Abraham Koshy
Chairman
(DIN : 00471385)

Directors:

Nilesh S Vikamsey (DIN : 00031213)
Sudhir M Joshi (DIN : 00349597)
K M Chandrasekhar (DIN : 06466854)
Dilip G Sadarangani (DIN : 06610897)
Harish H Engineer (DIN : 01843009)
Grace Elizabeth Koshie (DIN : 06765216)
Shubhalakshmi Panse (DIN : 02599310)

Place: Kochi
Date : 29th April, 2015





BASEL III - Pillar 3 DISCLOSURES OF THE FEDERAL BANK LIMITED as on 31st March 2015

Scope of Application and Capital Adequacy

1. Table DF- 1 Scope of Application

The Basel III capital adequacy norms are applicable to The Federal Bank Limited as the top consolidated entity in the group.

Qualitative Disclosures

a) List of group entities considered for consolidation

Name of the entity / Country of incorporation	Whether the entity is included under accounting scope of consolidation (yes / no)	Explain the method of consolidation	Whether the entity is included under regulatory scope of consolidation (yes / no)	Explain the method of consolidation	Explain the reasons for difference in the method of consolidation	Explain the reasons if consolidated under only one of the scopes of consolidation
Fedbank Financial Services Ltd India	Yes	AS- 21	Yes	AS- 21	NA	NA
IDBI Federal Life Insurance Company Ltd India	Yes	AS -23	NO	NA	NA	IDBI Federal is an insurance entity and has been risk weighted for capital adequacy purpose

b) List of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation

Name of the entity / Country of incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of bank's holding in the total equity	Regulatory treatment of bank's investments in the capital instruments of the entity	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)
Nil					

Quantitative Disclosures

c) List of group entities considered for consolidation

(Amount in ₹ Mn)

Name of the entity / country of incorporation (as indicated in (i)a. above)	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)
Fed bank Financial Services Ltd India	Marketing of Bank's own products and lending against gold and property.	1956.79	4716.40





d) The aggregate amount of capital deficiencies in all subsidiaries which are not included in the regulatory scope of consolidation i.e. that are deducted:

Name of the subsidiaries / country of incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of bank's holding in the total equity	Capital deficiencies
Nil	-----	-----	-----	-----

e) The aggregate amounts (e.g. current book value) of the bank's total interests in insurance entities, which are risk-weighted:

Name of the insurance entities / country of incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity) (Amount in ₹ Mn)	% of bank's holding in the total equity / proportion of voting power	Quantitative impact on regulatory capital of using risk weighting method versus using the full deduction method
IDBI Federal Life Insurance Company Ltd India	Insurance	6325.32	26%	CRAR will reduce by 0.25% under deduction method

f) Restrictions or impediments on transfer of funds or regulatory capital within the banking group:

There are no restrictions or impediments on transfer of funds or regulatory capital within the banking group.

TABLE DF - 2: CAPITAL ADEQUACY

(Amount in ₹ Mn)

1. Qualitative disclosures		
1.1	A summary discussion of the Bank's approach to assess the adequacy of its capital to support current and future activities.	
	1. Policy on Internal Capital Adequacy Assessment Process has been put in place and the assessment of capital commensurate to the risk profile is reviewed on a quarterly basis. 2. Capital requirement for current business levels and estimated future business levels are assessed on a periodic basis. 3. CRAR has been worked out based on Basel III guidelines and it is well above the Regulatory Minimum level of 9 %.	
2. Quantitative disclosures (Solo Bank)		Amount in ₹ Mn.
2.1	Capital requirements for credit risk	39214.60
	Portfolios subject to Standardized approach	39214.60
	Securitization exposures	
2.2	Capital requirements for market risk (Standardized duration approach)	2696.23
	Interest rate risk	1542.92
	Foreign exchange risk (including gold)	180.00
	Equity risk	973.31
2.3	Capital requirements for operational risk	3888.95
	Basic Indicator Approach	3888.95
	Total Capital Requirements	45799.77
2.4	Common Equity Tier I ,Tier I & Total Capital Ratios	Standalone Consolidated
	Common Equity Tier I capital Ratio	14.81% 15.03%
	Tier I capital ratio	14.81% 15.03%
	Total capital ratio	15.46% 15.76%





II. RISK EXPOSURE AND ASSESSMENT

1	Credit risk
	<p>Strategies and processes:</p> <p>The Bank is exposed to credit risk in its lending operations. The Bank's strategies to manage the credit risks are given below:</p> <ul style="list-style-type: none"> a) Defined segment exposures delineated into retail, micro, small and medium enterprises, agriculture and Corporate; b) Industry wise segment caps on aggregate lending by Bank across Branches c) Individual borrower wise caps on lending as well as borrower group wise lending caps linked as a percentage to the Bank's capital funds at the end of the previous year d) Credit rating of borrowers and allowing credit exposures only to defined thresholds of risk levels; the approach also includes diversification of credit rating wise borrowers but within acceptable risk parameters e) At present, the Bank's entire business is within India and hence there is no geographic cap on lending in India; there is also no cap on lending within a State in India. However, in respect of cross border trade which would involve exposures to banks and financial institutions located outside India, there is a geographic cap on exposures apart from cap on individual bank/institution f) A well defined approach to sourcing and preliminary due diligence while sourcing fresh credit limits g) A clear and well defined delegation of authority within the Bank in regard to decision making linking risk and exposure amount to level of approval. h) Regular review of all credit structures and caps with due approval of Bank's Board and continuous strengthening of credit processes. i) Credit hub system put in place to enhance quality of credit appraisal and underwriting process. j) Bank has put in place appropriate mechanism for ongoing identification, development and assessment of expertise of officials in the area of credit appraisal, underwriting and credit management functions. k) Dedicated Credit Monitoring Department and credit monitoring cells at various levels to monitor/follow up of performance of loans and advances. l) All credit proposals of ₹5.00 Crores and above are scrutinized and risk assessment is conducted by Integrated Risk Management Department, independent of the business functions.
	<p>Structure and organization of Risk Management function.</p> <p>Bank has put in place Board approved comprehensive Credit Risk Management Policy. The policy aims to provide basic framework for implementation of sound credit risk management system in the Bank. It spells out various areas of credit risk, goals to be achieved, current practices and future strategies. Bank has also operationalised required organizational structure and framework as prescribed in the policy for efficient credit risk management through proactive identification, precise measurement, fruitful monitoring and effective control of credit risk arising from its credit and investment operations. Bank has Board level Committee, Risk Management Committee, to oversee Bank wide risk management and senior executive level Credit Risk Management Committee to monitor adherence to policy prescriptions and regulatory directions. CRMC of the Bank meets at least once in a month to take stock of Bank's credit risk profile based on the reports placed by Credit Risk Management Division of Integrated Risk Management Department.</p> <p>Bank has put in place, a detailed Loan Policy spelling out various aspects of credit dispensation and credit administration. Loan policy stipulates measures for avoiding concentration risk by setting prudential limits and caps on taking sector wise, rating grade wise, and customer-constitution wise exposure. The policy gives specific instructions on valuation of collaterals. Bank has also put in place guidelines on fixing and monitoring of exposure ceilings to contain risk in credit and investment exposures.</p>
	<p>Scope and nature of risk reporting / measurement systems:</p> <p>Bank has developed comprehensive risk rating system that serves as a single point indicator of diverse risk factors of counterparty and for taking credit decisions in a consistent manner. Risk rating system is drawn up in a structured manner, incorporating different factors such as borrower specific characteristics, industry specific characteristics etc. Risk rating is made applicable for loan accounts, whether funded or non-funded, with total limits above ₹2.00 lakhs. Bank uses different rating models for different types of exposures. Rating model used for infrastructure exposures and corporate exposures are comprehensive in structure whereas model used for small exposures in the range of ₹2.00 lakhs to ₹50.00 lakhs is relatively simple in structure. Retail advances are rated using different scoring models. Separate scoring models are used for rating Home loans, Auto loans, education loans and loan against property. Bank also uses a separate rating model for rating its investment exposures. Bank is undertaking annual validation of its rating model for exposures of ₹5.00 Crores and above and is also conducting migration and default rate analysis for all loans of ₹50.00 lakhs and above. Rating process and rating output are used by the Bank in sanction and pricing of its exposures. Bank also conducts annual credit rating of its exposures and the findings are used in annual migration study and portfolio evaluation.</p>





	Credit facilities are sanctioned at various levels in accordance with the delegation approved by the Board. Bank has generally adopted a committee approach for credit sanction. Wherever individuals exercise their powers for credit sanction, the same is subjected to confirmation by a different authority. Credit rating assigned by an official is also subjected to confirmation by a different official. Credit audit is being conducted at specified intervals. Bank has made reasonably good progress in implementing all available instruments of credit risk mitigation.
	<p>Policies for hedging / mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants:</p> <p>Bank's Credit Risk Management Policy also stipulates various tools for mitigation of credit risk and collateral management. Investment Policy of the Bank covers risk related to investment activities of the Bank and it prescribes prudential limits, methods of risk measurement, and hedges required amount in mitigation of risk arising in investment portfolio. Credit Risk Management Committee at senior executive level and Risk Management Committee at Board level monitor, discuss, evaluate and review risk mitigation levels and effectiveness of mitigation measures.</p> <p>Risk rating process by itself is an integral part of processes of selection of clients and sanction of credit facilities. Exercise of delegation for sanction of fresh loans or renewal/review of existing exposure by field level functionaries is permitted only for borrowers above a pre-specified rating grade. Entry-level restrictions are further tightened in certain sectors when market signals need for extra caution. Rating of an exposure awarded by an official is confirmed by another official to ensure its integrity.</p>
2	Market risk
	<p>Strategies and processes:</p> <p>The Bank monitors market risk through risk limits and Mid Office in operationally intense areas. Detailed policies like Asset Liability Management Policy, Investment Policy, Derivatives Policy, Market Risk Management Policy etc. are put in place for the conduct of business exposed to market risk and also for effective management of all market risk exposures.</p> <p>The policies and practices also take care of monitoring and controlling of liquidity risk arising out of its banking and trading book operations.</p>
	<p>Structure and organization of risk management function</p> <p>Risk Management Committee oversees bank-wide risk management. Asset Liability Management Committee (ALCO), also known as Market Risk Management Committee, is primarily responsible for establishing market risk management and asset liability management in the Bank, procedures thereof, implementing risk management guidelines issued by the regulator, best risk management practices followed globally and monitoring adherence to the internal parameters, procedures, practices/policies and risk management prudential limits.</p> <p>Bank has an independent Mid Office working on the floor of Treasury Department for market risk management functions like onsite monitoring of adherence to set limits, independent valuation and reporting of activities. This separate desk monitors market/operational risks in treasury/forex operations on a daily basis and reports directly to the Head of IRMD.</p>
	<p>Scope and nature of risk reporting / measurement systems:</p> <p>Bank has put in place regulatory/ internal limits for various products and business activities relating to trading book. Bank also subjects NSLR investment exposures to credit rating. Limits for exposures to counterparties, industries and countries are monitored and risks are controlled through Stop Loss Limits, Overnight Limit, Daylight Limit, Aggregate Gap Limit, Individual Gap Limit, Inter-Bank dealing and investment limits etc. Parameters like Modified Duration, VaR etc are also used for risk management and reporting.</p> <p>Policies for hedging / mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants</p> <p>Policies for hedging/ mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants are discussed in ALCO and based on the views taken by/ mandates given by ALCO, hedge deals/ mitigation steps are undertaken.</p> <p>Liquidity risk of the Bank is assessed through Statements of Structural Liquidity and Short Term Dynamic Liquidity. The liquidity profile of the Bank is measured on a static and dynamic basis using the Statements of Structural Liquidity and Short Term Dynamic Liquidity, respectively. Structural liquidity position is assessed on a daily basis and dynamic liquidity position is assessed on a fortnightly basis.</p> <p>Additional prudential limits on liquidity risk fixed as per ALM policy of the Bank are also monitored by ALCO on a quarterly basis. Interest rate risk is analyzed from earnings perspective using Traditional Gap Analysis and economic value perspective using Duration Gap Analysis on a monthly basis. Based on the analysis, steps are taken to minimize the impact of interest rate changes. Bank is computing LCR (Liquidity Coverage Ratio) on a monthly basis. Advance techniques such as Stress testing, sensitivity analysis etc. are conducted periodically to assess the impact of various contingencies.</p>





3	Operational risk
	<p>Strategies and processes:</p> <p>Operational risk is primarily managed by prescribing adequate controls and mitigation measures, which are being reviewed and updated on a regular basis, to suit the changes in business practices, structure and risk profile. Bank has put in place a comprehensive bank-wide Business Continuity Plan to ensure continuity of critical operations of the Bank covering all identified disasters.</p> <p>All new schemes/products of the Bank are risk vetted from the point of view of operational risk, before implementation.</p>
	<p>Structure and organization of risk management function</p> <p>Risk Management Committee oversees bank-wide risk management. Bank has put in place detailed framework for Operational Risk Management with a well-defined ORM Policy. Operational Risk Management Committee (ORMC) at the executive level oversees bank wide implementation of Board approved policies and processes in this regard. Apex level Business Continuity Plan Committee monitors the business continuity preparedness of the Bank on an ongoing basis.</p>
	<p>Scope and nature of risk reporting / measurement systems:</p> <p>Bank is collecting operational risk loss data directly from the loss originating points, with effect from 01.01.2009. Bank also introduced separate accounting of operational risk events to enhance transparency and to enable effective monitoring of loss events. Well-designed system for reporting identified loss events and data in the most granular form is put in place. Operational Risk Management Cell is the central repository for operational loss data of the Bank. Consolidation and analysis of loss data is placed before the Operational Risk Management Committee on a quarterly basis. Bank is conducting Risk and Control Self Assessment process on a periodic basis. Bank is also monitoring its key operational risk indicators on a periodic basis.</p>
	<p>Policies for hedging / mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants:</p> <p>Bank is using insurance for mitigating operational risk. Bank is subscribing to the General Banker's Indemnity Policy as mitigation against loss of securities due to various external events. Bank also mitigates loss in other physical assets through property insurance.</p>
4	Interest rate risk in Banking Book
	<p>Strategies and processes:</p> <p>Interest Rate Risk is assessed in two perspectives – Earnings perspective using Traditional Gap Analysis to assess the impact of adverse movement in interest rate on the Net Interest Income (Earnings at Risk) and economic value perspective using Duration Gap Analysis to assess the impact of adverse movement in interest rate on the market value of Bank's equity.</p>
	<p>Structure and organization of risk management function:</p> <p>Risk Management Committee at the Board level and ALCO at the executive level are responsible for effective management of Interest Rate Risk in Bank's business. Board approved ALM Policy governs the interest rate risk management framework of the Bank. Market Risk Management Policy takes care of the management of interest rate risk in the Trading Book of the Bank.</p>
	<p>Scope and nature of risk reporting / measurement systems:</p> <p>Interest rate risk in Banking Book is measured and Modified Duration of Equity is evaluated on a monthly basis. The likely drop in Market Value of Equity for 200 bps change in interest rates is computed and benchmarked under the Internal Capital Adequacy Assessment Process for computation of Pillar II capital charge for Interest Rate Risk. Earnings at Risk based on Traditional Gap Analysis are calculated on a monthly basis. The results of Duration Gap Analysis as well as that of Traditional Gap Analysis including the adherence to tolerance limit set in this regard is monitored and is placed before ALCO / RMC for approval. Stress tests are conducted to assess the impact of interest rate risk under different stress scenarios on earnings of the Bank.</p>
	<p>Policies for hedging / mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants:</p> <p>Bank has put in place mitigating/hedging measures prescribed by Investment Policy, ALM Policy, Market Risk Management Policy, Derivatives Policy and Stress Testing Policy.</p> <p>Risk profiles are analyzed and mitigating strategies/hedging process are suggested and operationalised by Treasury Department with the approval of Senior level Committees.</p>





Structure and organization of Bank's risk management function

Bank has put in place appropriate organizational framework for bank-wide management of risk on integrated basis. The structure ensures coordinated process for measuring and managing all types of risk on an enterprise-wide basis to achieve organizational goals. The structure assures adherence to regulatory stipulations. The structure is designed in tune with the general guidelines of Regulator.

Bank's Board at the top of the structure has assumed overall responsibility for bank-wide management of risk. The Board decides risk management policies of the Bank and sets risk exposure limits by assessing Bank's risk appetite and risk bearing capacity. Risk Management Committee of the Board assumes responsibility of devising policy and strategy for enterprise-wide risk management. The Committee also sets guidelines for measurement of risks, risk mitigation and control parameters and approves institution of adequate infrastructure for risk management. The Committee meets regularly and reviews reports placed on various risk areas.

There are three support committees of senior executives (CRMC, ALCO also known as MRMC, ORMC) responsible for implementation of policies and monitoring of level of risks in their respective domains. The Committees are headed by Managing Director & CEO. Senior executives from respective functional areas and risk management are members of the Committee. The Committees meet regularly to take stock of various facets of risk management function and place their reports to Board level Risk Management Committee. CRMC meets at least once in a month and ORMC meets at least once in a quarter. Depending on requirement, ALCO meets very often. Further, an apex level Business Continuity Plan Committee is constituted with the Managing Director & CEO as its head, to ensure continuity of critical operations of the Bank in the event of occurrence of disasters.

Single point management of different types of risks bank-wide is made functional through Integrated Risk Management Department. The Department is responsible for overall identification, measurement, monitoring and control of various types of risks faced by the Bank in its operations and compliance of risk management guidelines and policies issued by Regulator/Board. The Department has three separate Divisions to look after three broad categories of risks. Independent Mid-Office functioning on the floor of Treasury Department is reporting directly to the Head of IRMD. The distinct risk Divisions report to the Head of IRMD who is currently the Chief Risk Officer. The Chief Risk Officer reports directly to the Managing Director & CEO.

TABLE DF - 3: CREDIT RISK: GENERAL DISCLOSURES

1.	Qualitative disclosures
	Definitions of impaired and past due
	<p><u>1. Non Performing Assets</u> An asset including a leased asset becomes non-performing when it ceases to generate income for the bank. A non performing asset (NPA) is a loan or an advance where</p> <ul style="list-style-type: none"> a. Interest and/or installment of principal remain overdue for a period of more than 90 days in respect of a term loan b. The account remains 'out of order' as indicated in paragraph 2 below, in respect of an Overdraft /Cash Credit (OD/CC) c. The bill remains overdue for a period of more than 90 days in case of bills purchased and discounted d. The installment of principal or interest thereon remains overdue for two crop seasons for short duration crops e. The installment of principal or interest thereon remains overdue for one crop season for long duration crops. <p>An account is classified as NPA if the interest charged during any quarter is not serviced fully within 90 days from the end of the quarter.</p>
	<p><u>2. 'Out of Order' status</u> An account is treated as 'Out of Order' if the outstanding balance remains continuously in excess of the sanctioned limit / drawing power. In cases where the outstanding balance in the principal operating account is less than the sanctioned limit / drawing power, but there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not enough to cover the interest debited during the same period, these accounts are treated as out of order.</p>
	<p><u>3. 'Overdue'</u> Any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the bank.</p>
	<p><u>4. Special Mention Accounts</u> As prescribed by the regulator, the Bank is required to identify incipient stress in the account by creating a Sub Asset category named as 'Special Mention Accounts' (SMA). It is considered as a corrective action plan to arrest increasing NPAs. Accordingly, Bank is identifying three sub categories under SMA as below.</p>





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|--|---|
| | <ul style="list-style-type: none"> • SMA-0- Principal or interest payment not overdue for more than 30 days, but account showing signs of incipient stress due to various non financial reasons. • SMA-1- Principal or interest overdue between 31-60 days. • SMA-2- Principal or interest overdue between 61-90 days. |
|--|---|

	<p>5. Credit Risk</p> <ul style="list-style-type: none"> a. Inability or unwillingness of the counterparty to pay interest, repay principal or otherwise to fulfill their contractual obligations under loan agreements or other credit facilities b. Downgrading of counterparties whose credit instruments the Bank may be holding, causing the value of those assets to fall. c. Settlement Risk (possibility that the Bank may pay counterparty and fail to receive the corresponding settlement in return).
	Discussion of the Bank's Credit Risk Management Policy
	<p>Bank has put in place a detailed Credit Risk Management Policy. Goal of this policy is to create a transparent framework for identification, assessment and effective management of credit risk in all operations of the Bank and to secure organizational strength and stability in the long run. The policy aims at contributing to the Bank's profitability by efficient and profitable utilization of a prudent proportion of the Bank's resources and maintaining a reasonably balanced portfolio of acceptable risk quality through diversification of credit risks. The policy also envisages optimizing returns with satisfactory spread over funding cost and overheads.</p> <p>The policy also deals with structure, framework and processes for effective management of inherent credit risk.</p>

Quantitative disclosures

(Amount in ₹ Mn)

	Fund based outstanding*	Non-fund based outstanding**	Total
Total gross credit risk exposures (after accounting offsets in accordance with the applicable accounting regime and without taking into account the effects of credit risk mitigation techniques)	637004.04	41605.22	678609.26
Geographic distribution of exposures (same basis as adopted for segment reporting adopted for compliance with AS 17)			
Overseas			
Domestic	637004.04	41605.22	678609.26

*Fund based exposures include all type of funded facilities including the unavailed limits and inter-bank exposures. However, exposures to Food Credit, RIDF related exposures, deposits to SIDBI, NABARD and NHB for priority sector lending purposes are excluded.

**Non fund based exposures include guarantees, Letters of Credit and Co-Acceptances of bills/deferred payment guarantees.





INDUSTRY TYPE DISTRIBUTION OF EXPOSURES (with industry break up on same lines as prescribed for DSB returns)

(Amount in ₹ Mn)

Industry Name	Total Credit Exposure Funded	Total Credit Exposure Non-Funded	Total Credit Exposure (Funded and Non-Funded)	% to Gross Credit Exposure
A. Mining and Quarrying	1,850.17	119.44	1,969.61	0.29%
A.1 Coal	29.90	0.00	29.90	0.00%
A.2 Others	1,820.27	119.44	1,939.71	0.29%
B. Food Processing	28,118.82	58.51	28,177.33	4.15%
B.1 Sugar	3,634.00	5.53	3,639.53	0.54%
B.2 Edible Oils and Vanaspati	1,615.15	6.85	1,622.01	0.24%
B.3 Tea	197.42	4.02	201.44	0.03%
B.4 Coffee	310.71	0.00	310.71	0.05%
B.5 Others	22,361.54	42.11	22,403.65	3.30%
C. Beverages (excluding Tea & Coffee) and Tobacco	541.08	0.50	541.58	0.08%
C.1 Tobacco and tobacco products	281.58	0.00	281.58	0.04%
C.2 Others	259.51	0.50	260.01	0.04%
D. Textiles	12,989.07	35.19	13,024.26	1.92%
D.1 Cotton	4,038.32	13.92	4,052.24	0.60%
D.2 Jute	796.64	3.67	800.30	0.12%
D.3 Man-made	0.00	0.00	0.00	0.00%
D.4 Others	8,154.11	17.61	8,171.72	1.20%
Out of D (i.e., Total Textiles) to Spinning Mills	294.59	23.72	318.31	0.05%
E. Leather and Leather products	1,484.61	13.69	1,498.29	0.22%
F. Wood and Wood Products	2,785.53	6.99	2,792.52	0.41%
G. Paper and Paper Products	4,278.48	100.47	4,378.95	0.65%
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	4,069.83	8.27	4,078.10	0.60%
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	12,610.62	48.87	12,659.49	1.87%
I.1 Fertilizers	1,884.85	1.08	1,885.93	0.28%
I.2 Drugs and Pharmaceuticals	3,070.45	4.29	3,074.74	0.45%
I.3 Petro-chemicals (excluding under Infrastructure)	3,865.84	7.07	3,872.91	0.57%
I.4 Others	3,789.47	36.44	3,825.91	0.56%
J. Rubber, Plastic and their Products	6,453.93	19.99	6,473.92	0.95%
K. Glass & Glassware	239.37	18.75	258.12	0.04%
L. Cement and Cement Products	3,293.96	19.91	3,313.87	0.49%
M. Basic Metal and Metal Products	22,894.40	738.54	23,632.94	3.48%
M.1 Iron and Steel	17,835.80	375.50	18,211.30	2.68%
M.2 Other Metal and Metal Products	5,058.60	363.04	5,421.64	0.80%
N. All Engineering	6,255.65	4,884.99	11,140.64	1.64%
N.1 Electronics	284.77	0.11	284.87	0.04%
N.2 Others	5,970.89	4,884.88	10,855.77	1.60%
O. Vehicles, Vehicle Parts and Transport Equipments	2,412.78	20.39	2,433.17	0.36%
P. Gems and Jewellery	498.70	0.00	498.70	0.07%
Q. Construction	1,335.50	23.32	1,358.82	0.20%
R. Infrastructure	59,665.18	4,979.59	64,644.77	9.53%
R.a Transport (a.1 to a.6)	21,038.90	2,696.57	23,735.47	3.50%
R.a.1 Roads and Bridges	14,486.52	2,346.57	16,833.08	2.48%
R.a.2 Ports	0.00	0.00	0.00	0.00%
R.a.3 Inland Waterways	0.00	0.00	0.00	0.00%
R.a.4 Airport	6,552.39	350.00	6,902.39	1.02%





R.a.5 Railway Track, tunnels, viaducts, bridges	0.00	0.00	0.00	0.00%
R.a.6 Urban Public Transport (except rolling stock in case of urban road transport)	0.00	0.00	0.00	0.00%
R.b. Energy (b.1 to b.6)	26,002.33	1,872.98	27,875.31	4.11%
R.b.1 Electricity Generation	8,221.23	1,482.98	9,704.21	1.43%
R.b.1.1 Central Govt PSUs	0.00	0.00	0.00	0.00%
R.b.1.2 State Govt PSUs (incl. SEBs)	635.03	0.00	635.03	0.09%
R.b.1.3 Private Sector	7,586.20	1,482.98	9,069.18	1.34%
R.b.2 Electricity Transmission	325.80	0.00	325.80	0.05%
R.b.2.1 Central Govt PSUs	0.00	0.00	0.00	0.00%
R.b.2.2 State Govt PSUs (incl. SEBs)	325.80	0.00	325.80	0.05%
R.b.2.3 Private Sector	0.00	0.00	0.00	0.00%
R.b.3 Electricity Distribution	17,455.30	390.00	17,845.30	2.63%
R.b.3.1 Central Govt PSUs	0.00	0.00	0.00	0.00%
R.b.3.2 State Govt PSUs (incl. SEBs)	14,644.62	0.00	14,644.62	2.16%
R.b.3.3 Private Sector	2,810.68	390.00	3,200.68	0.47%
R.b.4 Oil Pipelines	0.00	0.00	0.00	0.00%
R.b.5 Oil/Gas/Liquefied Natural Gas (LNG) storage facility	0.00	0.00	0.00	0.00%
R.b.6 Gas Pipelines	0.00	0.00	0.00	0.00%
R.c. Water and Sanitation (c.1 to c.7)	511.68	5.46	517.14	0.08%
R.c.1 Solid Waste Management	0.00	0.00	0.00	0.00%
R.c.2 Water supply pipelines	511.68	5.46	517.14	0.08%
R.c.3 Water treatment plants	0.00	0.00	0.00	0.00%
R.c.4 Sewage collection, treatment and disposal system	0.00	0.00	0.00	0.00%
R.c.5 Irrigation (dams, channels, embankments etc)	0.00	0.00	0.00	0.00%
R.c.6 Storm Water Drainage System	0.00	0.00	0.00	0.00%
R.c.7 Slurry Pipelines	0.00	0.00	0.00	0.00%
R.d. Communication (d.1 to d.3)	443.02	6.80	449.82	0.07%
R.d.1 Telecommunication (Fixed network)	443.02	6.80	449.82	0.07%
R.d.2 Telecommunication towers	0.00	0.00	0.00	0.00%
R.d.3 Telecommunication and Telecom Services	0.00	0.00	0.00	0.00%
R.e. Social and Commercial Infrastructure (e.1 to e.9)	6,821.44	64.70	6,886.14	1.01%
R.e.1 Education Institutions (capital stock)	4,575.19	0.00	4,575.19	0.67%
R.e.2 Hospitals (capital stock)	1,655.62	64.70	1,720.32	0.25%
R.e.3 Three-star or higher category classified hotels located outside cities with population of more than 1 million	0.00	0.00	0.00	0.00%
R.e.4 Common infrastructure for industrial parks, SEZ, tourism facilities and agriculture markets	451.89	0.00	451.89	0.07%
R.e.5 Fertilizer (Capital investment)	0.00	0.00	0.00	0.00%
R.e.6 Post harvest storage infrastructure for agriculture and horticultural produce including cold storage	138.74	0.00	138.74	0.02%
R.e.7 Terminal markets	0.00	0.00	0.00	0.00%
R.e.8 Soil-testing laboratories	0.00	0.00	0.00	0.00%
R.e.9 Cold Chain	0.00	0.00	0.00	0.00%
R.f. Others	4,847.81	333.08	5,180.89	0.76%
Infrastructure Finance	0.00	0.00	0.00	0.00%
Other Infrastructure	4,847.81	333.08	5,180.89	0.76%
S. Other Industries	4,165.72	6,165.46	10,331.18	1.52%
All Industries (A to S)	1,759,43.39	172,62.85	1,932,06.25	





RESIDUAL CONTRACTUAL MATURITY BREAKDOWN OF ASSETS (maturity bands as used in ALM returns are used)

(Amount in ₹ Mn)

	Cash	Balances with RBI	Balances with other banks	Investments	Advances	Fixed assets	Other assets	Total
Day 1	6555.69	83.46	4642.06	0.00	15561.97	0.00	809.88	27653.06
2 – 7 days	0.00	364.07	6325.50	23057.88	13754.93	0.00	938.86	44441.24
8-14 days	0.00	265.04	267.00	0.00	12753.48	0.00	3.67	13289.19
15-28 days	0.00	573.54	476.60	1963.71	6580.68	0.00	6.89	9601.42
29 days & up to 3 months	0.00	1897.77	1076.68	12749.37	43053.60	0.00	6757.84	65535.26
Over 3 months & up to 6 months	0.00	2279.53	1216.70	1056.43	39197.88	0.00	36.38	43786.92
Over 6 months & up to 1 year	0.00	5026.15	0.00	4775.13	60899.42	0.00	32.17	70732.87
Over 1 year & up to 3 years	0.00	10492.17	0.00	2346.73	254071.32	0.00	983.88	267894.10
Over 3 years & up to 5 years	0.00	559.50	0.00	7532.96	34124.17	0.00	56.82	42273.45
Over 5 years	0.00	5698.51	0.00	190609.74	32852.46	4666.31	9470.27	243297.29
Total	6555.69	27239.74	14004.54	244091.95	512849.91	4666.31	19096.66	828504.80

Asset Quality **Advances**

(Amount in ₹ Mn)

Amount of Non Performing Assets (Gross)	10577.32
Substandard	4890.09
Doubtful 1	2773.08
Doubtful 2	1798.44
Doubtful 3	225.72
Loss	889.99
Net NPA	3732.70
NPA ratios	
Gross NPAs to gross advances (%)	2.04%
Net NPAs to net advances (%)	0.73%
Movement of NPAs (Gross)	
Opening balance (balance as at the end of previous Fiscal)	10874.10
Additions during the period	8141.04
Reductions	8437.82
Closing balance	10577.32
Movement of provisions for NPAs	
Opening balance (balance as at the end of previous Fiscal)	7211.70
Provisions made during the period	4017.00
Write off / Write back of excess provisions	4564.90
Closing balance	6663.80





Investments

(Amount in ₹ Mn)

Amount of Non Performing Investments	175.30
Amount of provisions held for Non Performing Investments	175.30
Movement of provisions for depreciation on investments	0.00
Opening balance (balance as at the end of previous Fiscal)	1059.52
Provisions made during the period	52.80
Write-off	0.00
Write-back of excess provisions	987.50
Closing balance	124.82

TABLE DF - 4: Disclosures for Portfolios Subject to the Standardized Approach

1.	Qualitative disclosures
	For portfolios under the Standardized Approach;
	Names of credit rating agencies used, plus reasons for any changes.
	<p>Bank has approved all the six External Credit Rating Agencies accredited by RBI for the purpose of credit risk rating of domestic borrowing accounts that forms the basis for determining risk weights under Standardized Approach.</p> <p>External Credit Rating Agencies approved are:</p> <ol style="list-style-type: none"> 1. CRISIL 2. CARE 3. India Ratings and Research Private Limited (Formerly FITCH INDIA) 4. ICRA 5. Brickwork Ratings India Pvt. Ltd (BRICKWORK) 6. SMERA Ratings Ltd <p>Wherever short term rating is not available, long term rating grade is used to determine risk weight of the short term claims also. However, even if short term rating is available, it is not used to determine risk weight of long term claims.</p> <p>With respect to external credit rating, Bank is using long term ratings for risk weighting all long term claims and unrated short term claims on the same counterparty. However, short term rating of a counterparty is used only to assign risk weight to all short term claims of the obligor and not to risk weight unrated long term claims on the same counterparty</p> <p>For an unrated claim with respect to external credit rating, the Bank is using long term ratings for risk weighting both unrated long term claims as well as unrated short term claims on the same counterparty. However, short term rating of counterparty is only used to assign risk weight to unrated short term claims and not unrated long term claims of the same counterparty.</p> <p>Wherever external credit rating of guarantor is relevant, the same is used as the entity rating of the guarantor and not the rating of any particular issue of the guarantor. Whereas the entity ratings are used to risk weight specific unrated credit exposures of counterparty, rating of any credit exposure of the counterparty is not used to arrive at risk weight of that counterparty as guarantor.</p>
	Types of exposure for which each agency is used.
	<ol style="list-style-type: none"> 1. Rating by the agencies is used for both fund based and non-fund based exposures. 2. Short Term Rating given by the agencies is used for exposure with contractual maturity of less than or equal to one year (except Cash Credit, Overdrafts and other Revolving Credits). 3. Long Term Rating given by the agencies is used for exposures with contractual maturity of above one year and also for Cash Credit, Overdrafts and other Revolving Credits. 4. Rating assigned to one particular entity within a corporate group is not used to risk weight other entities within the same group.
	<p>Description of the process used to transfer public issue ratings onto comparable assets in the Banking Book</p> <p>The ratings available in public domain are mapped according to mapping process as envisaged in RBI guidelines on the subject.</p>





<p>Issue Specific Ratings (Bank's own exposures or other issuance of debt by the same borrower constituent/counterparty) or Issuer Ratings (borrower constituent/ counterparty) are applied to unrated exposures of the same borrower constituent/ counterparty subject to the following:</p> <ol style="list-style-type: none"> 1. Issue specific ratings are used where the unrated claim of the Bank ranks paripassu or senior to the rated issue / debt. 2. Wherever issuer rating or issue specific ratings are used to risk weight unrated claims, such ratings are extended to entire amount of claim on the same counterparty. 3. Ratings used for risk weighting purposes are confirmed from the websites of the rating agencies concerned.

2. Quantitative disclosures

Risk weight wise details of credit risk exposures (rated and unrated) after risk mitigation subject to the Standardized Approach (Credit equivalent amount of all exposures subjected to Standardized Approach, after risk mitigation)	Risk Weight	Amount in ₹ Mn
	Below 100 %	496006.72
	100 %	197875.85
	More than 100 %	55254.03
	Deducted	0.00
	Total	749136.60

TABLE DF – 5: Credit Risk Mitigation: Disclosures for Standardized Approaches

1.	Qualitative disclosures	
	Disclosures on credit risk mitigation methodology adopted by the Bank that are recognized under the Standardized Approach for reducing capital requirements for credit risk	
1.1	Policies and processes for, and an indication of the extent to which the bank makes use of, on- and off-balance sheet netting	
	Bank has no practice of on-balance sheet netting for credit risk mitigation. Eligible collaterals taken for the exposures are separately earmarked and the exposures are expressed without netting.	
1.2	Policies and processes for collateral valuation and management	
	Bank has put in place Board approved policy on Credit Risk Management in which Collateral Management and credit risk mitigation techniques used by the Bank for both risk management and capital computation purposes are separately included. The Loan policy of the Bank covers various aspects of valuation of collaterals.	
1.3	Description of the main types of collateral taken by the Bank	
	Collaterals used by Bank as risk mitigants for capital computation under Standardized Approach comprise eligible financial collaterals namely: <ul style="list-style-type: none"> 1. Cash margin and fixed deposits of the counterparty with the Bank. 2. Gold jewellery of purity 91.6% and above, the value of which is notionally converted to value of gold with 99.99% purity. 3. Securities issued by Central and State Governments 4. Kisan Vikas Patra and National Savings Certificates. 5. Life Insurance Policies with a declared surrender value of an insurance company regulated by the insurance sector regulator. 6. Debt securities rated by a chosen Credit Rating Agency in respect of which the bank is sufficiently confident of market liquidity of the security and where these securities are either: <ul style="list-style-type: none"> a. Attracting 100% or lesser risk weight i.e. rated at least BBB (-) when issued by Public sector entities and other entities including banks and Primary Dealers or b. Attracting 100% or lesser risk weight i.e. rated at least A3 for short term debt instruments 7. Debt securities not rated by a chosen Credit Rating Agency in respect of which the bank is sufficiently confident of market liquidity of the security and where these securities are <ul style="list-style-type: none"> a. Issued by the bank b. Listed on a recognized exchange c. Classified as senior debt d. rated issues of the same seniority by the issuing Bank are rated at least BBB (-) or A3 by a chosen Credit Rating Agency e. The bank has no information to suggest that the issue justifies a rating below BBB (-) or A3 by a chosen Credit Rating Agency 	





	<p>8. Units of Mutual Funds regulated by the securities regulator of the jurisdiction of the Bank's operation and mutual funds where</p> <ul style="list-style-type: none"> a. A price for the units is publicly quoted daily i.e. where the daily NAV is available in public domain b. Mutual fund is limited to investing in the permitted instruments listed. <p>Bank has no practice of monitoring / controlling exposures on a net basis, though Bank is able to determine at any time loans/advances and deposits of the same counterparty. Netting benefit, even if available, is not utilized in capital computation under Basel III norms.</p>
1.4	<p>Main types of guarantor counterparty and their creditworthiness</p> <p>Bank considers guarantees, which are direct, explicit, irrevocable and unconditional for credit risk mitigation. Use of such guarantees for capital computation is strictly as per RBI guidelines on the subject.</p> <p>Main types of guarantor counterparties are:</p> <ul style="list-style-type: none"> a. Sovereigns (Central / State Governments) b. Sovereign entities like ECGC, CGTSI c. Banks and Primary Dealers with a lower risk weight than the counter party <p>Other entities rate AA (-) or better. This would include guarantee cover provided by parent, subsidiary and affiliate companies when they have lower risk weight than the obligor. The rating of the guarantor should be an entity rating which has factored in all the liabilities and commitments (including guarantees) of the entity.</p>
1.5	<p>Information on market / credit risk concentrations within the mitigation taken by the Bank</p> <p>Majority of financial collaterals held by the Bank are by way of own deposits, government securities, Gold, Life Insurance Policies and other approved securities like NSC, KVP etc. Bank does not envisage market liquidity risk in respect of financial collaterals except in Gold and Units of Mutual Funds. Bank does not have exposure collateralized through units of eligible Mutual Funds. With respect to gold loans, each and every exposure is reviewed/ renewed/closed within a maximum period of 12 months. Bank could successfully manage the risks posed by sudden reduction in gold price in the past. Measures warranted by the situation were timely taken. Bank has not experienced any significant market liquidity risk in Gold. Overall, financial collaterals do not have any issue in realization.</p> <p>Concentration on account of collateral is also relevant in the case of land & building. Except in the case of housing loan to individuals and loans against property, land and building is considered only as an additional security. As land and building is not recognized as eligible collateral under Standardized Approach, its value is not reduced from the amount of exposure in the process of computation of capital charge. It is used only in the case of housing loan to individuals and non performing assets to determine the appropriate risk weight. As such, there is no concentration risk on account of nature of collaterals.</p>

(Amount in ₹ Mn)

2. Quantitative Disclosures				
2.1 Credit risk exposure covered by eligible financial collaterals				
	Type of exposure	Credit equivalent of gross exposure	Value of eligible financial collateral after haircuts	Net amount of credit exposure
A	Funded Credit Exposure	101316.64	92216.90	9099.74
B	Non funded Credit exposure	15600.03	6193.05	9406.98
C	Securitization exposures – On balance sheet	0.00	0.00	0.00
D	Securitization exposures – Off balance sheet	0.00	0.00	0.00
TOTAL		116916.67	98409.95	18506.72

(Amount in ₹ Mn)

2.2 Credit risk exposure covered by guarantees			
	Type of exposure	Credit equivalent of gross exposure	Amount of guarantee (Credit equivalent)
A	Funded Credit Exposure	35703.68	27712.30
B	Non funded Credit exposure	9990.48	9162.94
C	Securitization exposures – on balance sheet	0.00	0.00
D	Securitization exposures – off balance sheet	0.00	0.00
TOTAL		45694.16	36875.24




TABLE DF – 6: Securitisation: Disclosures for Standardized Approach

1. Quantitative Disclosures	
1.1	General disclosures on securitization exposures of the Bank
A	Objectives of securitization activities of the Bank (including the extent to which these activities transfer credit risk of the underlying securitized exposures away from the Bank to other entities and nature of other risks inherent in securitized assets)
	Bank's securitization exposure is limited to investments in securitization instruments (Pass Through Certificates), primarily made in an earnings perspective and risks inherent in the investment is within reasonable levels.
B	Role of Bank in securitization processes (originator / investor/ service provider/ facility provider etc.) and extent of involvement in each activity.
	Bank has invested in rated securitized instruments and such investments are held in its Trading Book. Bank is not active in securitization processes in any other manner.
C	Processes in place to monitor changes in the credit and market risk of securitization exposures
	Bank is constantly monitoring the changes in credit and market risk profile of securitization instruments held in the Trading Book.
D	Bank's policy governing the use of credit risk mitigation to mitigate the risks retained through securitization exposures
	Bank has not retained any exposure/risk as originator of securitization transactions.
1.2 Accounting policies for securitization activities	
A	Treatment of transaction (whether as sales or financings)
	N.A
B	Methods and key assumptions (including inputs) applied in valuing positions retained or purchased
	Income from investments in Pass Through Certificates is recognized on accrual basis. Income recognition is subjected to prudential norms stipulated by Reserve Bank of India in this regard.
C	Changes in methods and key assumptions from the previous period and impact of the changes
	No change is effected in methods and key assumptions used for valuation of investment in securitized instruments.
D	Policies for recognizing liabilities on the balance sheet for arrangements that could require the bank to provide financial support for securitized assets.
	Bank has not entered into any arrangement to provide financial support for securitized assets.
1.3	In the Banking Book, names of ECAs used for securitizations and the types of securitization exposures for which each agency is used.
	Bank does not have any securitization exposure in the Banking Book.

2. Quantitative Disclosures

(Amount in ₹ Mn)

2.1	In the Banking Book		
A	Total amount of exposures securitized by the Bank		Nil
B	For exposures securitized, losses recognized by the Bank during the current period (exposure type wise break up)		Nil
C	Amount of assets intended to be securitized within a year		Nil
D	Of (C) above, amount of assets originated within a year before securitization		Nil
E	Securitization exposures (by exposure type) and unrecognized gain or losses on sale thereon		
	Type of exposure	Amount securitized	Unrecognized gain / loss
	Nil	Nil	Nil
	TOTAL		
F	Aggregate amount of on-balance sheet securitization exposures retained or purchased by the Bank (exposure type wise breakup)		Nil
G	Aggregate amount of off-balance sheet securitization exposures (exposure type wise breakup)		Nil





H	Aggregate amount of securitization exposures retained or purchased and associated capital charges (exposure type wise and risk weight wise breakup)									
Type of exposure	Risk weights									
	20%	30%	50%	100%	150%	350%	400%			
Nil	----	----	----	----	----	----	----			
I	Total amount of deductions from capital on account of securitization exposures							Nil		
Deducted entirely from Tier I capital-underlying exposure type wise break up								Nil		
Credit enhancing interest only strips (I/Os) deducted from total capital – underlying exposure type wise break up								Nil		
Other exposures deducted from total capital – underlying exposure type wise break up								Nil		
2.2 In the Trading Book										
A	Aggregate amount of exposures securitized by the Bank for which the Bank has retained some exposures, which is subject to Market Risk approach (exposure type wise details)									
Type of exposure				Gross Amount		Amt retained				
Nil				Nil		Nil				
B	Aggregate amount of on-balance sheet securitization exposures retained or purchased by the Bank (exposure type wise breakup)									
Type of exposure								Amt in ₹ Mn.		
Investment in Pass through Certificates								948.46		
C	Aggregate amount of off-balance sheet securitization exposures (exposure type wise breakup)									
D	Securitization exposures retained / purchased subject to Comprehensive Risk Measure for specific risk									
E	Securitization exposures retained / purchased subject to specific risk capital charge (risk weight band wise distribution)									
Type of Exposure				Capital charge as % to exposure		Exposure (₹ Mn.)				
Investment in Pass through Certificates				4.92%		43.00				
				2.86%		2.13				
F	Aggregate amount of capital requirements for securitization exposures (risk weight band wise distribution)									
Type of exposure				Capital charge as % to exposure		Capital charge ₹ Mn				
Investment in Pass through Certificates				4.92%		43.00				
				2.86%		2.13				
G	Total amount of deductions from capital on account of securitization exposures									
Deducted entirely from Tier I capital – underlying exposure type wise break up								Nil		
Credit enhancing interest only strips (I/Os) deducted from total capital – underlying exposure type wise break up								Nil		
Other exposures deducted from total capital – underlying exposure type wise break up								Nil		

TABLE DF – 7: Market Risk in Trading Book

1.	Quantitative Disclosures
1.1	Approach used for computation of capital charge for market risk
	<p>Bank has adopted Standardized Duration Approach as prescribed by RBI for computation of capital charge for general market risk and is fully compliant with such RBI guidelines. Bank uses VaR as an indicative tool for measuring Forex risk and Equity Price risk. Standardized Duration Approach is applied for computation of General Market Risk for</p> <ul style="list-style-type: none"> • Securities under HFT category • Securities under AFS category • Open gold position limits • Open foreign exchange position limits • Trading positions in derivatives • Derivatives entered into for hedging trading book exposures <p>Specific capital charge for market risk is computed based on risk weights prescribed by the Regulator.</p>





1.2	Portfolios covered in the process of computation of capital charge	
Investment portfolio under AFS and HFT, Gold and Forex open positions and Derivatives entered for trading and hedging.		
2.	Quantitative disclosures	(Amount in ₹ Mn)
2.1	Minimum capital requirements for market risk as per Standardized Duration Approach	2696.23
	Interest rate risk	1542.92
	Foreign exchange risk (including gold)	180.00
	Equity position risk	973.31

TABLE DF – 8: Operational Risk

1.	Qualitative disclosures
1.1	Approach used for computation of capital charge for operational risk (and for which the Bank is qualified)
	Bank has adopted Basic Indicator Approach as prescribed by RBI for computation of capital charge for operational risk. Bank has initiated steps to move on to the Advanced Measurement Approach in due course.

TABLE DF – 9: Interest Rate Risk In Banking Book (IRRBB)

1.	Qualitative disclosures
1.1	Brief description of approach used for computation of interest rate risk and nature of IRRBB. Interest Rate Risk in Banking Book is computed through Duration Gap Analysis and Traditional Gap Analysis. In Traditional Gap Analysis, the impact of changes in interest rates on Banks' earnings due to changes in Net Interest Income is assessed. i.e., earnings perspective is taken care in this method whereas in Duration Gap Analysis, the economic value perspective is taken care of. Duration Gap Analysis measures the level of Banks exposure to interest rate risk in terms of sensitivity of Market Value of its Equity (MVE) to interest rate movements.
1.2	Key assumptions used in Duration Gap Analysis (DGA) and computation of capital charge for Interest Rate Risk (including assumptions on prepayment of loans and behavior of non-maturity deposits) Board approved assumptions as stipulated in applicable policies are used in Duration Gap Analysis and computation of capital charge for Interest Rate Risk. The following are the key assumptions involved: 1) As indicated by RBI, assets and liabilities are grouped under the broad heads under various time buckets and bucket wise modified duration of these groups is computed using the suggested common maturity, coupon and yield parameters. 2) Advances linked to BPLR and Base Rate has been placed in the bucket of 29 months to 3 months as per Bank's interest rate expectations. 3) All the future cash flows (future repricing amount) bucket wise are discounted with midpoint of the bucket and suggested yield to get more accurate treatment of cash flows. The same present value is considered to arrive at the weighted Modified duration of each asset and liability and further to get the weighted modified duration of Liabilities and Assets. 4) Bank's average standard advances covering Bills Purchased / Discounted, Cash Credits/ Overdrafts and term loans are mapped to appropriate external ratings. Yield curve for BBB rated corporate bonds is used as a proxy for yield for Banks' average standard advances for arriving at the Modified Duration of Advances. Usual bucketing applicable to the Statement of Interest Rate Sensitivity is also made applicable to the duration of Equity calculations. Last bucket for both liabilities and assets is approximated as above 15 years.
1.3	Frequency of measurement of interest rate risk Measurement and Computation of Interest rate risk in Banking Book and evaluation of Modified Duration of Equity is done by the Bank on a monthly basis. Bank also calculates on a monthly basis the likely drop in Market Value of Equity with 200 bps change in interest rates. Earnings-at-Risk is measured on a monthly basis using Traditional Gap Analysis.

2. Quantitative disclosures - Impact of interest rate risk

(Amount in ₹ Mn)

		Total Book	Banking Book
2.1	Earnings perspective (Traditional Gap Analysis)		
	Earnings at Risk (EaR) - impact for one year due to		





	Uniform 1% increase in interest rate		
	Uniform 1% decrease in interest rate	2759.37	2468.82
2.2	Economic value perspective – percentage and quantum of decrease in market value of equity on account of 1% uniform increase in interest rate	4.89%	2.73%
		3777.71	2110.05

(* Currency wise break up not provided as the turnover in other currencies is less than 5% of total turnover)

TABLE DF – 10: General Disclosure for Exposure Related to Counterparty Credit Risk

Qualitative disclosures			
Bank has put in place Counterparty Credit Risk limits for banks as counterparty, based on internal rating of the counterparty bank and with the approval of the Board. Counterparty exposures for other entities are subject to comprehensive exposure ceilings fixed by the Board. Capital for Counterparty Credit Risk is assessed based on the Standardized Approach.			
Quantitative disclosures			
The Bank does not recognize bilateral netting. The credit equivalent amounts of derivatives that are subjected to risk weighting are calculated as per the Current Exposure Method. The balance outstanding and the current exposure thereof are as follows:			
Particulars	Notional Amounts	Current Exposure	(Amount in ₹ Mn)
Foreign exchange contracts	120205.18	4550.61	
Interest rate derivative contracts	12466.00	138.44	
Total	132671.18	4689.05	

TABLE DF 11			₹ in million
Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)		Amounts subject to Pre-Basel III Treatment	Ref No
Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	26582.26	a+d
2	Retained earnings	10494.69	k+l
3	Accumulated other comprehensive income (and other reserves)	39412.91	b+e+f+g+i+j
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	0.00	
	Public sector capital injections grandfathered until 1January 2018	0.00	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	0.00	
6	Common Equity Tier 1 capital: before regulatory adjustments	76489.87	
Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments	0.00	
8	Goodwill (net of related tax liability)	0.00	
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	8.28	q+o
10	Deferred tax assets	20.02	p
11	Cash-flow hedge reserve	0.00	
12	Shortfall of provisions to expected losses	0.00	
13	Securitisation gain on sale	0.00	





14	Gains and losses due to changes in own credit risk on fair valued liabilities	0.00		
15	Defined-benefit pension fund net assets	0.00		
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	0.00		
17	Reciprocal cross-holdings in common equity	6.20	4.13	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	0.00		
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	0.00		
20	Mortgage servicing rights (amount above 10% threshold)	0.00		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	0.00		
22	Amount exceeding the 15% threshold	0.00		
23	of which: significant investments in the common stock of financial entities			
24	of which: mortgage servicing rights	0.00		
25	of which: deferred tax assets arising from temporary differences	0.00		
26	National specific regulatory adjustments (26a+26b+26c+26d)	0.00		
26 a	of which: Investments in the equity capital of the unconsolidated insurance subsidiaries	0.00		
26 b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries	0.00		
26 c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	0.00		
26 d	of which: Unamortised pension funds expenditures	0.00		
	Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	0.00		
	of which: [INSERT TYPE OF ADJUSTMENT] For example: filtering out of unrealised losses on AFS debt securities (not relevant in Indian context)	0.00		
	of which: [INSERT TYPE OF ADJUSTMENT]	0.00		
	of which: [INSERT TYPE OF ADJUSTMENT]	0.00		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	0.00		
28	Total regulatory adjustments to Common equity Tier 1	34.50		
29	Common Equity Tier 1 capital (CET1)	76455.37		





Additional Tier 1 capital: instruments					
30			Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	0.00	
31			of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	0.00	
32			of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	0.00	
33			Directly issued capital instruments subject to phase out from Additional Tier 1	0.00	
34			Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	0.00	
35			of which: instruments issued by subsidiaries subject to phase out	0.00	
36			Additional Tier 1 capital before regulatory adjustments	0.00	
Additional Tier 1 capital: regulatory adjustments					
37	Investments in own Additional Tier 1 instruments			0.00	
38	Reciprocal cross-holdings in Additional Tier 1 instruments			0.00	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)			0.00	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)			0.00	
41	National specific regulatory adjustments (41a+41b)			0.00	
41 a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries			0.00	
41 b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank			0.00	
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment of which: [INSERT TYPE OF ADJUSTMENT e.g. DTAs]			0.00	
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 1 at 50%]			0.00	
	of which: [INSERT TYPE OF ADJUSTMENT]			0.00	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions			0.00	
43	Total regulatory adjustments to Additional Tier 1 capital			0.00	





44	Additional Tier 1 capital (AT1)	0.00		
44 a	Additional Tier 1 capital reckoned for capital adequacy	0.00		
45	Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)	76455.37		
	Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	400.00		m
47	Directly issued capital instruments subject to phase out from Tier 2	0.00		
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	0.00		
49	of which: instruments issued by subsidiaries subject to phase out	0.00		
50	Provisions	3365.51		c+h+n
51	Tier 2 capital before regulatory adjustments	3765.51		
	Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	0.00		
53	Reciprocal cross-holdings in Tier 2 instruments	66.69	44.46	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	0.00		
55	Significant investments ¹³ in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0.00		
56	National specific regulatory adjustments (56a+56b)	0.00		
56 a	of which: Investments in the Tier 2 capital of unconsolidated subsidiaries	0.00		
56 b	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	0.00		
	Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment	0.00		
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]	0.00		
	of which: [INSERT TYPE OF ADJUSTMENT]	0.00		
57	Total regulatory adjustments to Tier 2 capital	66.69		
58	Tier 2 capital (T2)	3698.82		
58 a	Tier 2 capital reckoned for capital adequacy	3698.82		
58 b	Excess Additional Tier 1 capital reckoned as Tier 2 capital	0.00		
58 c	Total Tier 2 capital admissible for capital adequacy (58a + 58b)	3698.82		
59	Total capital (TC = T1 + T2) (45 + 58c)	80154.18		





	Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment			
	of which: Reciprocal Crossholding in Common Equity	9.30		
	of which: Reciprocal Crossholding in Tier II instruments	67.79		
60	Total risk weighted assets (60a + 60b + 60c)	508743.68		
60 a	of which: total credit risk weighted assets	435575.10		
60 b	of which: total market risk weighted assets	29958.08		
60 c	of which: total operational risk weighted assets	43210.50		
Capital ratios				
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	15.03%		
62	Tier 1 (as a percentage of risk weighted assets)	15.03%		
63	Total capital (as a percentage of risk weighted assets)	15.76%		
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	0.00%		
65	of which: capital conservation buffer requirement	0.00%		
66	of which: bank specific countercyclical buffer requirement	0.00%		
67	of which: G-SIB buffer requirement	0.00%		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	9.53%		
National minima (if different from Basel III)				
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%		
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%		
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%		
Amounts below the thresholds for deduction (before risk weighting)				
72	Non-significant investments in the capital of other financial entities	1785.74		
73	Significant investments in the common stock of financial entities	2080.00		
74	Mortgage servicing rights (net of related tax liability)	0.00		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	0.00		
Applicable caps on the inclusion of provisions in Tier 2				
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	2880.20		
77	Cap on inclusion of provisions in Tier 2 under standardised approach	5444.69		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	NA		





79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	NA		
Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)				
80	Current cap on CET1 instruments subject to phase out arrangements	NA		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	NA		
82	Current cap on AT1 instruments subject to phase out arrangements	NA		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	NA		
84	Current cap on T2 instruments subject to phase out arrangements	NA		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	NA		

Note to the Template		
Row No. of the template	Particular	₹ in million
10	Deferred tax assets associated with accumulated losses	0.00
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	20.02
	Total as indicated in row 10	20.02
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	1644.58
	of which: Increase in Common Equity Tier 1 capital	1644.58
	of which: Increase in Additional Tier 1 capital	0.00
	of which: Increase in Tier 2 capital	0.00
26 b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	0.00
	(i) Increase in Common Equity Tier 1 capital	0.00
	(ii) Increase in risk weighted assets	0.00
44 a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	0.00
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	0.00
50	Eligible Provisions included in Tier 2 capital	2880.20
	Eligible Revaluation Reserves included in Tier 2 capital	22.54
	Total of row 50	2902.74
58 a	Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a)	0.00



**Table DF-12**

₹ in million

Composition of Capital: Reconciliation Requirements Step 1		Balance sheet as in financial statements 31/03/2015	Balance sheet under regulatory scope of consolidation 31/03/2015
A	Capital & Liabilities		
i	Paid-up Capital	1713.31	1713.31
	Reserves & Surplus	75668.04	75289.42
	Minority Interest		
	Total Capital	77381.35	77002.73
ii	Deposits	708249.93	708226.88
	of which: Deposits from banks	25171.64	25171.64
	of which: Customer deposits	683078.29	683055.24
	of which: Other deposits (pl. specify)	0.00	0.00
iii	Borrowings	23082.41	23929.80
	of which: From RBI	0.00	0.00
	of which: From banks	0.00	847.39
	of which: From other institutions & agencies	17960.13	17960.13
	of which: Others (pl. specify)	3122.28	3122.28
	of which: Capital instruments	2000.00	2000.00
iv	Other liabilities & provisions	19791.11	19923.52
	Total Liabilities	828504.80	829082.93
B	Assets		
i	Cash and balances with Reserve Bank of India	33795.43	33819.84
	Balance with banks and money at call and short notice	14004.54	14024.60
ii	Investments:	244091.95	241898.13
	of which: Government securities	168760.96	168760.96
	of which: Other approved securities	0.00	0.00
	of which: Shares	1579.26	1579.26
	of which: Debentures & Bonds	7965.45	8107.06
	of which: Subsidiaries / Joint Ventures / Associates	3980.00	1644.58
	of which: Others (Commercial Papers, Mutual Funds etc.)	61806.27	61806.27
iii	Loans and advances	512849.91	515291.87
	of which: Loans and advances to banks	7.54	7.54
	of which: Loans and advances to customers	512842.37	515284.33
iv	Fixed assets	4666.31	4726.84
v	Other assets	19096.66	19321.64
	of which: Goodwill and intangible assets		
	of which: Deferred tax assets	0.00	20.02
vi	Goodwill on consolidation		
vii	Debit balance in Profit & Loss account		
	Total Assets	828504.80	829082.93





	₹ in million		
Composition of Capital: Reconciliation Requirements Step 2	Balance sheet as in financial statements 31/03/2015	Balance sheet under regulatory scope of consolidation 31/03/2015	Ref No.
Capital & Liabilities			
Paid-up Capital	1713.31	1713.31	
of which: Amount eligible for CET1	1713.31	1713.31	a
of which: Amount eligible for AT1	0.00	0.00	
Reserves & Surplus	75668.05	75289.42	
Of which	0.00	0.00	
-Statutory Reserve	17404.12	17404.12	b
-Revaluation Reserve (Part of Tier II at a discount of 55%)	50.09	50.09	c
-Share premium	24868.96	24868.96	d
-Capital Reserve	2352.77	2352.77	e
-Revenue and other reserves	14517.55	14567.91	f
-Investment fluctuations reserve	1897.20	1897.20	g
-Investment reserve	462.77	462.77	h
-Special reserve	2889.90	2889.90	i
-Contingency reserve	301.00	301.00	j
- Balance in Profit and loss account at the end of the previous financial year	7873.60	6936.66	k
- Current Financial year profit (After appropriations)	3050.07	3558.03	l
Minority Interest	0.00	0.00	
Total Capital	77381.35	77002.73	
Deposits	708249.93	708226.88	
of which: Deposits from banks	25171.64	25171.64	
of which: Customer deposits	683078.29	683055.24	
of which: Other deposits (pl. specify)	0.00	0.00	
Borrowings	23082.41	23929.80	
of which: From RBI	0.00	0.00	
of which: From banks	0.00	847.39	
of which: From other institutions & agencies	17960.13	17960.13	
of which: Others	3122.28	3122.28	
of which: Capital instruments (Tier II bonds)	2000.00	2000.00	
- Recognised under Tier II	400.00	400.00	m
- Not Recognised under Tier II	1600.00	1600.00	
Other liabilities & provisions	19791.11	19923.52	
of which: DTLs related to goodwill	0.00	0.00	
of which: DTLs	394.96	394.96	
of which: Standard asset provision included under Tier II	2869.28	2880.20	n
Total Liabilities	828504.80	829082.93	





Assets			
Cash and balances with Reserve Bank of India	33795.43	33819.84	
Balance with banks and money at call and short notice	14004.54	14024.60	
Investments	244091.95	241898.13	
of which: Government securities	168760.96	168760.96	
of which: Other approved securities	0.00	0.00	
of which: Shares	1579.26	1579.26	
of which: Debentures & Bonds	7965.45	8107.06	
of which: Subsidiaries / Joint Ventures / Associates	3980.00	1644.58	
of which: Others (Commercial Papers, Mutual Funds etc.)	61806.27	61806.27	
Loans and advances	512849.91	515291.87	
of which: Loans and advances to banks	7.54	7.54	
of which: Loans and advances to customers	512842.37	515284.33	
Fixed assets	4666.31	4726.84	
of which Intangible assets	0.00	8.28	o
Other assets	19096.66	19321.64	
a Other intangibles (excluding MSRs)	0.00	0.00	
b Deferred tax assets	0.00	20.02	p
c MAT credit entitlement	0.00	0.00	q
d Unamortised pension	0.00	0.00	r
Goodwill on consolidation	0.00	0.00	
Debit balance in Profit & Loss account	0.00	0.00	
Total Assets	828504.80	829082.93	





INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE FEDERAL BANK LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **THE FEDERAL BANK LIMITED** ("the Bank"), its subsidiary (the Bank and its subsidiary together referred to as "the Group") and its associate comprising of the Consolidated Balance Sheet at 31 March, 2015, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's and Board of Directors Responsibility for the Consolidated Financial Statements

The Bank's Management and Board of Directors are responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Bank, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated

financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Bank's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Bank has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Bank's Management and Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 1 and 2 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at 31 March, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.





Emphasis of Matter

We draw attention to Note No.1.10 of Schedule 18 to the Consolidated Financial Statements which describes proportionate charge of pension liability of the Bank amounting to ₹ 33.68 Crore to the Consolidated Profit and Loss Account and the balance unamortised pension liability of ₹ Nil (₹.33.68 Crore as at 31st March, 2014), included in Schedule 11 to the Consolidated Financial Statements, pursuant to the exemption from the application of the provisions of the Accounting Standard (AS) 15, Employee Benefits, granted by the Reserve Bank of India and made applicable to the Bank vide letter no. DBOD No.BP.BC.15896 / 21.04.018/2010-11 dated 8th April, 2011.

Our report is not modified in respect of this matter.

Other Matters

1. We did not audit the financial statements of a subsidiary whose financial statements reflect total assets of ₹ 471.64 Crore as at 31 March, 2015, total revenues of ₹ 79.23 Crore and net cash inflows of ₹ 70.94 Crore for the year then ended included in the consolidated financial statements. These financial statements have been audited by other auditors, whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of the other auditors.
2. The consolidated financial statements also include ₹45.72 Crore for the year ended 31 March, 2015, being the Group's proportionate share in the profit of an associate which has been recognised on the basis of the unaudited financial information available with the Bank. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.
3. The matters specified in sub-section (11) of Section 143 of the Act are not applicable to the Bank and therefore have not been reported on.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Bank as on 31st March, 2015 taken on record by the Board of Directors of the Bank and the report of the statutory auditors of its subsidiary company and associate company incorporated in India, none of the directors of the Group company and its associate company incorporated in India is disqualified as on 31 March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the





best of our information and according to the explanations given to us:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate – Refer Note 1.12 of Schedule 18 to the consolidated financial statements.
- ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer (a) Note 1.13 of Schedule 18 to the consolidated financial statements in respect of such items as it relates to the Group and its associate and (b) the Group's share of net profit in respect of its associate.
- iii. There has been no delay in transferring amounts, where required to be transferred, to the Investor Education and Protection Fund by the Bank and its subsidiary company and associate company incorporated in India.

For **Deloitte Haskins & Sells**

Chartered Accountants
(Firm's Registration
No.008072S)

M. Ramachandran
Partner
(Membership No.16399)

KOCHI,
29th April, 2015.

For **M P Chitale & Co.**

Chartered Accountants
(Firm's Registration
No. 101851W)

Ashutosh Pednekar
Partner
(Membership No.41037)





THE FEDERAL BANK LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2015

(₹ in Thousands)

	Schedule	As at 31 March 2015	As at 31 March 2014
CAPITAL AND LIABILITIES			
Capital	1	1,713,306	1,710,619
Reserves and Surplus	2	75,289,423	66,896,459
Deposits	3	708,226,878	597,290,389
Borrowings	4	23,929,799	57,675,362
Other Liabilities and Provisions	5	19,923,524	22,875,541
Total		829,082,930	746,448,370
ASSETS			
Cash and Balances with Reserve Bank of India	6	33,819,840	31,083,713
Balances with banks and money at call and short notice	7	14,024,601	14,258,072
Investments	8	241,898,134	238,385,889
Advances	9	515,291,872	437,038,107
Fixed assets	10	4,726,842	4,364,594
Other assets	11	19,321,641	21,317,995
Total		829,082,930	746,448,370
Contingent liabilities	12	172,151,460	234,819,883
Bills for collection		12,216,604	12,095,403
Significant Accounting Policies	17		
Notes on Accounts	18		
Schedules referred to above form an integral part of the Consolidated Balance Sheet			

For and on behalf of the Board of Directors

Krishnakumar K
 Deputy General Manager

Girish Kumar Ganapathy
 Company Secretary

Abraham Chacko
 Executive Director
 (DIN : 06676990)

Shyam Srinivasan
 Managing Director & CEO
 (DIN : 02274773)

D. Sampath
 General Manager & CFO

Prof. Abraham Koshy
 Chairman
 (DIN : 00471385)

In terms of our report attached

Directors:

For Deloitte Haskins & Sells
 Chartered Accountants
 Firm Reg.No.008072S

For M P Chitale & Co.
 Chartered Accountants
 Firm Reg.No.101851W

Nilesh S Vikamsey (DIN : 00031213)
 Sudhir M Joshi (DIN : 00349597)
 K M Chandrasekhar (DIN : 06466854)
 Dilip G Sadarangani (DIN : 06610897)
 Harish H Engineer (DIN : 01843009)
 Grace Elizabeth Koshie (DIN : 06765216)
 Shubhalakshmi Panse (DIN : 02599310)

M Ramachandran
 Partner
 Membership No.016399

Ashutosh Pednekar
 Partner
 Membership No.041037

Place: Kochi
 Date : 29th April, 2015



**THE FEDERAL BANK LIMITED****CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2015**

(₹ in Thousands)

	Schedule	Year ended 31 March 2015	Year ended 31 March 2014
I. INCOME			
Interest earned	13	74,877,736	70,056,953
Other income	14	8,785,414	6,851,820
Total		83,663,150	76,908,773
II. EXPENDITURE			
Interest expended	15	50,563,295	47,277,591
Operating expenses	16	16,752,095	14,935,015
Provisions and contingencies		6,226,839	6,407,004
Total		73,542,229	68,619,610
III. NET PROFIT FOR THE YEAR		10,120,921	8,289,163
Share in Profit of Associate		457,222	208,330
IV. CONSOLIDATED NET PROFIT ATTRIBUTABLE TO GROUP		10,578,143	8,497,493
Balance in Profit and Loss Account brought forward from previous year		6,936,660	4,118,335
V. AMOUNT AVAILABLE FOR APPROPRIATION		17,514,803	12,615,828
VI. APPROPRIATIONS			
Transfer to Revenue Reserve		1,098,710	1,030,700
Transfer to Statutory Reserve		2,516,648	2,097,300
Transfer to Capital Reserve		287,560	179,520
Transfer to Investment Reserve Account		462,770	-
Transfer to Special Reserve		350,000	382,300
Transfer to Reserve under Sec 45 IC of RBI Act		12,683	-
Dividend (including tax/cess thereon) pertaining to previous year paid during the year		207	-
Proposed dividend		1,884,643	1,710,624
Tax on proposed dividend		383,700	278,724
Depreciation on Expired assets (Note 1.7 of Schedule 18)		23,193	-
Balance carried over to Consolidated Balance Sheet		10,494,689	6,936,660
Total		17,514,803	12,615,828
Earnings per Share (Basic and Diluted) (₹)		12.36	9.93
(Face value of ₹2/- each)			
(Note 1.2 of Schedule 18)			
Significant Accounting policies	17		
Notes on Accounts	18		
Schedules referred to above form an integral part of the Consolidated Profit and Loss account			

For and on behalf of the Board of Directors

Krishnakumar K
Deputy General Manager

Girish Kumar Ganapathy
Company Secretary

Abraham Chacko
Executive Director
(DIN : 06676990)

Shyam Srinivasan
Managing Director & CEO
(DIN : 02274773)

D. Sampath
General Manager & CFO

Prof. Abraham Koshy
Chairman
(DIN : 00471385)

Directors:

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
Firm Reg. No. 008072S

M Ramachandran
Partner
Membership No. 016399

For M P Chitale & Co.
Chartered Accountants
Firm Reg. No. 101851W

Ashutosh Pednekar
Partner
Membership No. 041037

Nilesh S Vikamey	(DIN : 00031213)
Sudhir M Joshi	(DIN : 00349597)
K M Chandrasekhar	(DIN : 06466854)
Dilip G Sadarangani	(DIN : 06610897)
Harish H Engineer	(DIN : 01843009)
Grace Elizabeth Koskie	(DIN : 06765216)
Shubhalakshmi Panse	(DIN : 02599310)

Place: Kochi
Date : 29th April, 2015





THE FEDERAL BANK LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2015

(₹ in Thousands)

	Year ended 31 March 2015	Year ended 31 March 2014
Cash Flow from Operating Activities		
Net Profit before taxes	15,752,948	12,225,751
Adjustments for:		
Depreciation on Bank's Property	794,886	978,649
Depreciation on Investments	(934,725)	1,115,918
Amortisation of Premium on Held to Maturity Investments	321,114	296,864
Provision for Non Performing Investments	128,600	-
Provision for Non Performing Assets (Including Bad Debts)	2,039,410	2,279,101
Provision on Standard Assets	543,420	124,809
Withdrawal from floating provision for standard asset	(127,500)	-
(Profit)/ Loss on sale of fixed assets (net)	3,527	(11,873)
(Income) / Loss From Joint Venture	(457,222)	(208,330)
Provision for Restructured assets	(552,300)	(844,306)
Provision for Other Contingencies	(44,870)	3,223
	17,467,288	15,959,806
Adjustments for working capital changes:-		
(Increase)/ Decrease in Investments	9,876,302	(24,859,250)
(Increase)/ Decrease in Advances	(80,293,175)	3,957,039
(Increase)/ Decrease in Other Assets	435,279	(659,371)
Increase/ (Decrease) in Deposits	110,936,489	21,178,681
Increase/ (Decrease) in Other liabilities and provisions	(776,296)	2,805,818
Direct taxes paid	(6,063,199)	(6,416,624)
Net Cash Generated from Operating Activities	51,582,688	11,966,099
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(1,211,406)	(1,225,748)
Proceeds from Sale of Fixed Assets	14,941	37,155
(Increase)/ Decrease in Held to Maturity Investments	(12,446,314)	(6,186,152)
Net Cash Used in Investing Activities	(13,642,779)	(7,374,745)





THE FEDERAL BANK LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2015 (CONTD...)

(₹ in Thousands)

	Year ended 31 March 2015	Year ended 31 March 2014
Cash Flow from Financing Activities		
Proceeds from Issue of Share Capital	2,687	32
Proceeds from Share Premium	107,001	1,324
Repayment of Subordinate Debt	(300,000)	-
Increase/(Decrease) in Borrowings (Excluding Subordinate Debt)	(33,445,563)	5,284,909
Dividend Paid (Including Tax on Dividend)	(1,801,378)	(1,801,171)
Net Cash generated from financing Activities	(35,437,253)	3,485,094
Increase/(Decrease) in Cash & Cash Equivalents	2,502,656	8,076,448
Cash and Cash Equivalents at the beginning of year	45,341,785	37,265,337
Cash and Cash Equivalents at the end of year	47,844,441	45,341,785

Note:

Cash and cash equivalents comprise of cash on hand (including foreign currency notes), Balances with Reserve Bank of India, Balance with Banks and Money at Call and Short notice (Refer schedules 6 and 7 of the Consolidated Balance sheet)

For and on behalf of the Board of Directors

Krishnakumar K
Deputy General Manager

Girish Kumar Ganapathy
Company Secretary

Abraham Chacko
Executive Director
(DIN : 06676990)

Shyam Srinivasan
Managing Director & CEO
(DIN : 02274773)

D. Sampath
General Manager & CFO

Prof. Abraham Koshy
Chairman
(DIN : 00471385)

In terms of our report attached

Directors:

For Deloitte Haskins & Sells
Chartered Accountants
Firm Reg.No.008072S

For M P Chitale & Co.
Chartered Accountants
Firm Reg.No.101851W

Nilesh S Vikamsey	(DIN : 00031213)
Sudhir M Joshi	(DIN : 00349597)
K M Chandrasekhar	(DIN : 06466854)
Dilip G Sadarangani	(DIN : 06610897)
Harish H Engineer	(DIN : 01843009)
Grace Elizabeth Koshie	(DIN : 06765216)
Shubhalakshmi Panse	(DIN : 02599310)

M Ramachandran
Partner
Membership No.016399

Ashutosh Pednekar
Partner
Membership No.041037

Place: Kochi
Date : 29th April, 2015





THE FEDERAL BANK LIMITED
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(₹ in Thousands)

	As at 31 March 2015	As at 31 March 2014
SCHEDULE 1 - CAPITAL		
Authorised Capital	5,000,000	5,000,000
250,00,00,000 equity shares of ₹ 2/- each (Previous Year 250,00,00,000 equity shares of ₹ 2/- each)		
Issued Capital	1,716,008	1,713,327
85,80,04,242 equity shares of ₹ 2/-each (Previous Year 85,66,63,830 shares of ₹ 2/- each)		
Subscribed, Called up and Paid up Capital	1,713,310	1,710,623
85,66,55,197 (Previous Year 85,53,11,785 equity shares of ₹ 2/- each)		
Less: Calls in arrears	4	4
Total	1,713,306	1,710,619
Refer Note 1.3 of Schedule 18		





THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (CONTD...)

(₹ in Thousands)

SCHEDULE 2 - RESERVES AND SURPLUS	As at 31 March 2015	As at 31 March 2014
I. Statutory Reserve		
Opening balance	14,887,476	12,790,176
Additions during the year	2,516,648	2,097,300
	17,404,124	14,887,476
II. Capital Reserves		
(a) Revaluation Reserve		
Opening balance	50,091	52,065
Deductions during the year	-	1,974
	50,091	50,091
(b) Others		
Opening balance	2,065,213	1,885,693
Additions during the year*	287,560	179,520
	2,352,773	2,065,213
	2,402,864	2,115,304
III. Share premium		
Opening balance	24,761,957	24,760,633
Additions during the year#	107,001	1,324
	24,868,958	24,761,957
IV. Revenue and Other Reserves		
a) Revenue Reserve		
Opening Balance	13,418,841	12,927,741
Additions during the year	1,098,710	1,030,700
Deductions during the year\$	-	539,600
	14,517,551	13,418,841
b) Other Reserves		
Investment Fluctuation Reserve		
Opening Balance	1,897,200	1,897,200
Additions during the year	-	-
	1,897,200	1,897,200
c) Special Reserve (As per section 36(1)(viii) of Income Tax Act)		
Opening balance	2,539,900	2,157,600
Addition during the year	350,000	382,300
	2,889,900	2,539,900
V. Investment Reserve Account		
Opening balance	-	-
Addition during the year@	462,770	-
	462,770	-
VI. Contingency Reserve		
Opening balance	301,003	301,003
Addition during the year	-	-
	301,003	301,003
VII. Reserve Fund		
Balance as per last Balance Sheet	36,648	36,648
Transferred from Consolidated Profit and Loss Account	12,683	-
	49,331	36,648
VIII. General Reserve		
Balance as per last Balance Sheet	1,470	1,470
Less: Additional depreciation as per schedule II of companies Act, 2013	(437)	-
	1,033	1,470
IX. Balance in Consolidated Profit and Loss Account	10,494,689	6,936,660
Total	75,289,423	66,896,459

* - Includes Profit appropriated to Capital Reserve (net of applicable taxes and transfer to statutory reserve) on

a) Gain on sale of Held to Maturity Investments ₹ 286,163 Thousands (Previous Year ₹179,520 Thousands)

b) Profit on sale of Land ₹ 1,397 Thousands (Previous Year ₹ NIL)

- Represents amount received on exercise of Employee stock options

\$ - Deductions being deferred tax liability of earlier years in respect of special reserve created under section 36 (1) (viii) of the Income tax Act, 1961 - Refer Note 1.8 B of Schedule 18

@ - The bank had transferred ₹ 462,770 Thousands (Previous Year ₹ Nil) (Net of applicable taxes and transfer to statutory reserve) towards Investment Reserve Account on provision for depreciation on Investments credited to Profit and Loss account.





THE FEDERAL BANK LIMITED
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (CONTD...)

(₹ in Thousands)

	As at 31 March 2015	As at 31 March 2014
SCHEDULE 3 - DEPOSITS		
A. I. Demand Deposits		
i. From Banks	787,120	1,226,606
ii. From Others	39,778,774	32,569,220
	40,565,894	33,795,826
II. Savings Bank Deposits	177,269,068	152,842,589
III. Term Deposits		
i. From Banks	24,384,519	6,974,415
ii. From Others	466,007,397	403,677,559
	490,391,916	410,651,974
Total	708,226,878	597,290,389
B. I. Deposits of branches in India	708,226,878	597,290,389
II. Deposits of branches outside India	-	-
Total	708,226,878	597,290,389
SCHEDULE 4 - BORROWINGS		
I.Borrowings in India		
i. Reserve Bank of India	-	4,450,000
ii. Other Banks #	1,169,388	1,117,778
iii. Other institutions and agencies ##	19,638,127	41,011,343
	20,807,515	46,579,121
II.Borrowings outside India	3,122,284	11,096,241
Total	23,929,799	57,675,362
Secured borrowings included in I and II above	3,528,557	16,160,574
# Borrowings from other banks include Subordinated Debt of ₹ 322,000 Thousands (Previous Year ₹ 322,000 Thousands) in the nature of Non Convertible Debentures [included in Tier II capital]		
## Borrowings from other Institutions and agencies include Subordinated Debt of ₹ 1,678,000 Thousands (Previous Year ₹ 1,978,000 Thousands) in the nature of Non Convertible Debentures [included in Tier II capital]		
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills Payable	189,506	228,420
II. Inter - office adjustments (Net)	2,227,182	1,928,272
III. Interest accrued	2,170,039	1,726,253
IV. Others (including provisions)*	15,336,797	18,992,596
Total	19,923,524	22,875,541
*Includes :-		
(a) Contingent provision against standard assets	2,880,195	2,464,276
(b) Proposed Dividend	1,884,643	1,710,624
(c) Tax on Proposed Dividend	383,700	278,724
(d) Deferred Tax Liability (Net)	394,957	2,856,600



**THE FEDERAL BANK LIMITED****SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (CONTD...)**

(₹ in Thousands)

	As at 31 March 2015	As at 31 March 2014
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand (including foreign currency notes)	6,580,098	6,083,150
II. Balance with Reserve Bank of India		
i. in Current Accounts	27,239,742	25,000,563
ii. in Other Accounts	-	-
Total	33,819,840	31,083,713
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
i. Balances with banks		
a. in Current Accounts	1,942,632	1,556,035
b. in Other Deposit Accounts	3,112,480	4,183,956
ii. Money at call and short notice		
a. With Banks	2,000,000	-
b. With other institutions	-	-
Total	7,055,112	5,739,991
II. Outside India		
i. in Current Accounts	719,489	129,981
ii. in Other Deposit Accounts	6,250,000	8,388,100
iii. Money at call and short notice	-	-
Total	6,969,489	8,518,081
Grand Total (I and II)	14,024,601	14,258,072





THE FEDERAL BANK LIMITED
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (CONTD...)

(₹ in Thousands)

	As at 31 March 2015	As at 31 March 2014
SCHEDULE 8 - INVESTMENTS		
I. Investments in India in:		
i. Government Securities # # **	168,760,964	158,230,694
ii. Other approved Securities	-	-
iii. Shares	1,579,257	1,757,652
iv. Debentures and Bonds	8,107,056	11,360,514
v. Joint Venture \$	1,644,583	1,187,361
vi. Others [Certificate of Deposits (CDs), Priority Sector Deposits, Pass Through Certificates (PTCs) etc.] @	61,806,274	65,849,668
Total	241,898,134	238,385,889
II. Investments outside India		
Grand Total (I and II)	241,898,134	238,385,889
Gross Investments	242,198,210	239,492,111
Less: Depreciation/ Provision for Investments	300,076	1,106,222
Net Investments	241,898,134	238,385,889

Securities costing ₹ 53,495,978 Thousands (Previous Year ₹ 57,241,552 Thousands) pledged for availment of fund transfer facility, clearing facility and margin requirements

** Net of Repo borrowing of ₹ 24,336,000 Thousands (Previous Year ₹ 27,768,000 Thousands) under the Liquidity Adjustment Facility in line with the RBI requirements

\$ represents investment accounted as an associate in line with AS -23 , Accounting of Investments in Associates in Consolidated Financial Statements, as specified under Section 133 of the Companies Act, 2013 [Refer Schedule 17, Note 2.2 (iv)]

@ Includes priority sector shortfall deposits ₹ 38,403,772 Thousands (Previous Year ₹ 35,053,818 Thousands) and PTCs of ₹ 928,780 Thousands (Previous Year ₹ 1,057,166 Thousands) net of depreciation, if any.





THE FEDERAL BANK LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (CONTD...)

(₹ in Thousands)

	As at 31 March 2015	As at 31 March 2014
SCHEDULE 9 - ADVANCES (NET OF PROVISIONS)		
A. i. Bills purchased and discounted	13,260,651	13,028,687
ii. Cash credits, overdrafts and loans repayable on demand	284,922,814	231,387,667
iii. Term loans	217,108,407	192,621,753
Total	515,291,872	437,038,107
B. i. Secured by tangible assets \$	446,800,653	377,354,853
ii. Covered by Bank/Government guarantees #	25,821,130	20,433,617
iii. Unsecured	42,670,089	39,249,637
Total	515,291,872	437,038,107
C. I. Advances in India		
i. Priority Sector	173,402,580	155,132,546
ii. Public Sector	35,182,365	7,718,318
iii. Banks	7,540	46,614
iv. Others	306,699,387	274,140,629
Total	515,291,872	437,038,107
II. Advances outside India	-	-
Grand Total (C I and C II)	515,291,872	437,038,107

\$ Includes Advances against book debts

Includes advances against L/Cs issued by banks





THE FEDERAL BANK LIMITED
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (CONTD...)

(₹ in Thousands)

	As at 31 March 2015	As at 31 March 2014
SCHEDULE 10 - FIXED ASSETS		
I OWNED ASSETS		
a.Premises#		
Gross Block		
At the beginning of the year	2,263,552	2,231,549
Additions during the year	35,292	32,003
Deductions during the year	1,191	-
Closing Balance	2,297,653	2,263,552
Depreciation		
As at the beginning of the year	684,730	628,015
Charge for the year	56,434	56,715
Deductions during the year	-	-
Depreciation to date	741,164	684,730
Net Block	1,556,489	1,578,822
b.Other fixed assets		
(including furniture and fixtures)		
Gross Block		
At the beginning of the year	7,130,674	6,262,179
Additions during the year	1,136,506	991,496
Deductions during the year	104,503	123,001
Closing Balance	8,162,677	7,130,674
Depreciation and Impairment Loss		
As at the beginning of the year	4,571,106	3,748,751
Charge for the year* \$	774,692	929,984
Deductions during the year	87,661	107,629
Depreciation to date	5,258,137	4,571,106
Net Block	2,904,540	2,559,568
II ASSETS GIVEN ON LEASE		
Gross Block		
At the beginning of the year	-	31,013
Additions during the year	-	-
Deductions during the year	-	31,013
Closing Balance	-	-
Depreciation		
As at the beginning of the year	-	27,179
Charge for the year	-	-
Deductions during the year	-	27,179
Depreciation to date	-	-
Net Block	-	-
III. Capital Work in progress (Including Capital Advances)	265,813	226,204
Total (I, II & III)	4,726,842	4,364,594

Includes buildings constructed on leasehold land at different places having original cost of ₹ 655,643 Thousands (Previous Year ₹ 655,216 Thousands) and Written down value of ₹ 520,026 Thousands (Previous Year ₹ 534,357 Thousands) with remaining lease period varying from 61 - 73 years

* - Net of reversal of excess depreciation pursuant to change in depreciation method [Refer Note 1.7 of Schedule 18]

\$ includes impairment loss of subsidiary company amounting to ₹ 436 Thousands (Previous Year ₹ 6,809 Thousands)



**THE FEDERAL BANK LIMITED****SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (CONTD...)**

(₹ in Thousands)

	As at 31 March 2015	As at 31 March 2014
SCHEDULE 11 - OTHER ASSETS		
I. Inter - office adjustments (net)	-	-
II. Interest accrued	5,611,403	5,069,281
III. Tax paid in advance/tax deducted at source (Net of provision)	9,337,890	10,904,352
IV. Stationery and Stamps	34,239	35,017
V. Non-banking assets acquired in satisfaction of claims@	5,953	4,439
VI. Others*	4,332,156	5,304,906
Total	19,321,641	21,317,995
* Includes Deferred Tax Asset (Net)	20,016	14,629
@ - Includes certain Non-Banking assets acquired in satisfaction of claims which are in the process of being transferred in the Bank's name		
SCHEDULE 12 - CONTINGENT LIABILITIES		
I. Claims against the Bank not acknowledged as debts	3,240,713	3,273,140
II. Liability on account of outstanding forward exchange contracts	126,308,293	182,064,511
III. Guarantees given on behalf of constituents - in India	32,601,130	37,327,370
IV. Acceptances, endorsements and other obligations	9,004,087	12,154,862
V. Other items for which the Bank is contingently liable @	997,237	-
Total	172,151,460	234,819,883
(Refer Note 1.12 of Schedule 18)		
@ - includes ₹ 667,960 Thousands (₹ Nil as on March 31, 2014) being amount transferred to DEAF Cell, RBI and outstanding, as per RBI circular DBOD.No.DEAF Cell. BC.114/30.01.002/2013 - 14.		



**THE FEDERAL BANK LIMITED****SCHEDULES FORMING PART OF CONSOLIDATED THE PROFIT AND LOSS ACCOUNT**

(₹ in Thousands)

	Year ended 31 March 2015	Year ended 31 March 2014
SCHEDULE 13 - INTEREST EARNED		
I. Interest/discount on advances/bills	55,101,064	50,706,983
II. Income on investments	18,409,574	17,768,285
III. Interest on balances with Reserve Bank of India and other inter-bank funds	623,602	523,541
IV. Others*	743,496	1,058,144
Total	74,877,736	70,056,953
* - Includes interest on Income tax refunds amounting to ₹ 704,797 Thousands (Previous Year ₹1,011,667 Thousands) accounted based on Assessment orders received.		
SCHEDULE 14 - OTHER INCOME		
I. Commission, exchange and brokerage	3,811,505	3,340,479
II. Profit on sale of investments (Net)	2,556,674	1,562,329
III. Profit on revaluation of investments (Net)	-	-
IV. Profit on sale of land, buildings and other assets (Net)	(3,527)	11,873
V. Profit on foreign exchange transactions (Net)	1,162,068	1,250,940
VI. Income earned by way of dividends etc. from companies in India	71,756	76,578
VII. Miscellaneous income	1,186,938	609,621
[Includes Recoveries in assets written off ₹ 1,067,534 Thousands (Previous Year ₹ 415,324 Thousands)]		
Total	8,785,414	6,851,820
SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on deposits	46,273,002	42,092,558
II. Interest on Reserve Bank of India/Inter bank borrowings	587,683	1,121,393
III. Others	3,702,610	4,063,640
Total	50,563,295	47,277,591
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments to and provisions for employees	9,130,516	7,954,259
II. Rent, taxes and lighting	1,894,513	1,659,655
III. Printing and stationery	172,858	158,814
IV. Advertisement and publicity	393,473	210,326
V. Depreciation on Bank's property (Refer Note 1.7 of Schedule 18)	794,886	980,623
Less: Depreciation on revaluation of Premises transferred from Revaluation Reserve	-	1,974
	794,886	978,649
VI. Directors' fees, allowances and expenses	22,062	11,476
VII. Auditors' fees and expenses (including branch auditors fees and expenses)	69,983	58,301
VIII. Law charges	84,158	57,372
IX. Postage, Telegrams, Telephones etc	471,463	458,576
X. Repairs and maintenance	481,657	427,256
XI. Insurance	625,367	584,133
XII. Other expenditure	2,611,159*	2,376,198
Total	16,752,095	14,935,015
* - Includes expenditure on Corporate Social Responsibility ₹73,031 Thousands		





THE FEDERAL BANK LIMITED

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015

1. Corporate information

The Federal Bank Limited ('FBL' or the 'Bank') together with its subsidiary (collectively, the 'Group') and associate is a diversified financial services group providing a wide range of banking and financial services including commercial banking, retail banking, project and corporate finance, working capital finance, insurance and treasury products and services. Operations of the Group are spread all over India. The Bank was incorporated in 1931 as Travancore Federal Bank Limited to cater to the banking needs of Travancore Province. It embarked on a phase of sustained growth under the leadership of Late K.P. Hormis. The bank is governed by Banking Regulation Act, 1949 and other applicable acts/ regulations.

2. Basis of Consolidation and significant accounting policies

2.1. Basis of accounting and preparation of consolidated financial statements

The consolidated financial statements of the Bank and its subsidiary (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/ Companies Act, 1956 ("1956 Act") as applicable and current practices prevailing within the Banking Industry in India. The consolidated financial statements have been prepared on accrual basis under historical cost convention. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year except for the change in the accounting policy for depreciation as more fully described in Note 1.7 (b) of Schedule 18.

2.2. Principles of consolidation

(i) The consolidated financial statements relate to the Federal Bank Limited ('FBL' or the 'Bank') its subsidiary company and the Group's share of profit in its associate. The details of subsidiary and associate entities are given below:

Name of the entity	Relationship	Country of Incorporation	Ownership held by	% of Holding and voting power either directly or indirectly through subsidiary as at	
				31 March 2015	31 March 2014
Fedbank Financial Services Limited (FFSL or Subsidiary)	Subsidiary Company	India	The Federal Bank Limited	100	100
IDBI Federal Life Insurance Company Limited (Associate)	Associate	India	The Federal Bank Limited IDBI Bank Limited Ageas Insurance International N.V	26 48 26	26 48 26

(ii) The audited financial statements of the subsidiary company and the unaudited financial statements of the associate have been drawn up to the same reporting date as that of the Bank, i.e. 31 March, 2015.

(iii) The financial statements of the Bank and its subsidiary company have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

(iv) The consolidated financial statements include the share of profit of the associate company which have been accounted for using equity method as per AS 23 Accounting for Investments in Associates in Consolidated Financial Statements. Accordingly, the share of profit of the associate company has been added to the cost of investment.

(v) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Bank's separate financial statements.





THE FEDERAL BANK LIMITED

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015 (CONTD...)

(vi) Differences in accounting policies followed by the Subsidiary and associate have been reviewed and no adjustments have been made, since the impact of these differences is not significant.

2.3. Use of estimates

The preparation of the consolidated financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.4 Advances

Advances are classified into performing assets (Standard) and non-performing assets ('NPAs') as per the RBI guidelines and are stated net of specific provisions made towards NPAs, floating provisions and unrealized interest on NPAs. Interest on Non performing advance is transferred to unrealized interest account and not recognized in Profit and Loss Account until received. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Provisions for NPAs are made over and above the minimum required as per the guidelines of the RBI on matters relating to prudential norms.

Advances shown in the Balance Sheet are net of (a) bills rediscounted and (b) provisions made for non performing advances

Loss assets and unsecured portion of doubtful assets are provided / written off as per the RBI guidelines.

Amounts recovered against debts written off are recognised in the profit and loss account and included under "Other Income".

For restructured/rescheduled assets, provision is made in accordance with the guidelines issued by the RBI, which requires the diminution in the fair value of the assets to be provided at the time of restructuring.

A general provision for standard advances is made @ 0.25% in case of direct advances to agricultural and SME sectors, 1% in respect of advances classified as commercial real estate, 3.50 % to 5% in respect of certain class of restructured assets and 0.40% for all other advances as prescribed by the RBI.

2.5 Country risk

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country). The countries are categorised into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit as per Export Credit Guarantee Corporation of India Limited ("ECGC") guidelines and provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposure.

2.6 Investments

Classification

In accordance with the RBI guidelines, investments are categorised at the time of purchase as:

- Held for Trading (HFT);
- Available for Sale (AFS); and
- Held to Maturity (HTM)

Investments which are primarily held for sale within 90 days from the date of purchase are classified as "Held for Trading". As per RBI guidelines, HFT Securities which remain unsold for a period of 90 days are classified as AFS Securities on that date.





THE FEDERAL BANK LIMITED

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015 (CONTD...)

Investments which the bank intends to hold till maturity are classified as "Held to Maturity".

Investments which are not classified in either of the above two categories are classified as "Available for Sale".

However for the purpose of disclosure in Balance Sheet, investments in India are classified under six categories, viz. Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Investments in Subsidiaries / Joint Ventures and others.

Transfer of securities between Categories

Transfer of securities between categories is done at the lower of the acquisition cost / book value / market value on the date of the transfer and the depreciation, if any, on such transfer is fully provided for as per RBI guidelines.

Acquisition Cost

Transaction costs including brokerage and commission pertaining to acquisition of investments are charged to the Profit and Loss Account.

Broken period interest is charged to the Profit and Loss Account.

Cost of investments is computed based on the weighted average cost method.

Valuation

The valuation of investments is made in accordance with the RBI Guidelines:

- a) Held for Trading/Available for Sale— Investments classified under the AFS and HFT categories are marked-to-market. The market/fair value of quoted investments included in the 'AFS' and 'HFT' categories is the Market Price of the Scrip as available from the traded/quotes on the stock exchanges or prices declared by Primary Dealers Association of India ('PDAI') jointly with Fixed Income Money Market and Derivative Associations of India ('FIMMDA'), periodically. Net depreciation, if any, within each category of each investment classification is recognised in Profit and Loss Account. The net appreciation, if any, under each category of each Investment is ignored. The Book value of individual securities is not changed consequent to the periodic valuation of Investments.
- b) Held to Maturity – These are carried at their acquisition cost. Any premium on acquisition of government securities are amortised over the remaining maturity period of the security on a straight line basis. Any diminution, other than temporary, in the value of such securities is provided for.
- c) Repurchase and reverse repurchase transactions – These are accounted as outright sale and outright purchase respectively. The difference between the clean price of the first leg and the clean price of the second leg is recognised as interest income / interest expense over the period of the transaction. However, depreciation in their value, if any, compared to their original cost, is provided for.
- d) In respect of securities included in any of the three categories of investments where interest / principal is in arrears, for more than 90 days, income thereon is not reckoned and appropriate provision for the depreciation in the value of the investments is made, as per prudential norms applicable to non-performing investments. Debentures / Bonds in the nature of advances are subjected to usual prudential norms applicable to advances.
- e) Treasury Bills and Certificate of Deposits being discounted instruments, are valued at carrying cost.
- f) Units of Mutual Funds are valued at the latest repurchase price/net asset value declared by Mutual Fund.
- g) Market value of investments where current quotations are not available, is determined as per the norms prescribed by the RBI as under:
 - in case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the Yield to Maturity (YTM) for Government Securities as published by Fixed Income Money Market and Derivatives Association of India (FIMMDA) / Primary Dealers Association of India (PDAI) and suitably marked up for





THE FEDERAL BANK LIMITED

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015 (CONTD...)

credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each categories and credit ratings along with residual maturity issued by FIMMDA is adopted for this purpose;

- in case of bonds and debentures (including Pass Through Certificates or PTCs) where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI;
- equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at ₹ 1 per company;
- Units of Venture Capital Funds (VCF) held under AFS category where current quotations are not available are marked to market based on the Net Asset Value (NAV) shown by VCF as per the latest audited financials of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1 per VCF. Investment in unquoted VCF after 23rd August, 2006 are categorised under HTM category for the initial period of three years and valued at cost as per RBI guidelines;
- Investment in security receipts are valued as per the Net Asset Value (NAV) obtained from the issuing Reconstruction Company / Securitisation Company.

Investments in subsidiaries/associates are categorised as HTM and assessed for impairment to determine permanent diminution, if any, in accordance with the RBI guidelines.

All investments are accounted for on settlement dates except investments in equity shares which are accounted for on trade date as the corporate actions are effected in equity on the trade date.

Profit or Loss on Sale / Redemption of Investments

- a. Held for Trading and Available for Sale – Profit or loss on sale / redemption is included in the Profit and Loss account.
- b. Held to Maturity – Profit or loss on sale / redemption of investments is included in the Profit and Loss account. In case of profits, the same is appropriated to Capital Reserve after adjustments for tax and transfer to statutory reserve in accordance with RBI guidelines.

Repo and Reverse Repo Transactions

In respect of Repo transactions under Liquidity Adjustment Facility (LAF) with RBI, monies borrowed from RBI are credited to investment account and reversed on maturity of the transaction. Costs thereon are accounted for as interest expense. In respect of Reverse Repo transactions under LAF, monies paid to RBI are debited to investment account and reversed on maturity of the transaction. Revenues thereon are accounted as interest income.

Short Sales

In accordance with the RBI guidelines, the Bank undertakes short sale transactions in Central Government dated securities. The Short Sales positions are reflected in 'Securities Short Sold ('SSS') A/C', specifically created for this purpose. Such short positions are categorized under HFT category. These positions are marked –to-market along with the other securities under HFT Portfolio and resultant mark-to-market gains/losses are accounted for as per the relevant RBI guidelines for valuation of Investments discussed earlier.

2.7 Foreign currency transactions

Transactions denominated in foreign currencies are accounted for at the rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated at the Balance Sheet date at rates notified by Foreign Exchange Dealers Association of India ('FEDAI'). All profits/losses resulting from year end revaluations are recognised in the Profit and Loss Account.

Outstanding foreign exchange contracts excluding currency swaps undertaken to hedge foreign currency assets/ liabilities, funding swaps and spot exchange contracts are revalued at quarter end exchange rates notified by FEDAI for specified maturities and at interpolated rates for contracts of interim maturities. The resulting gains or losses on revaluation are included in the Profit and Loss Account in accord-





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SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015 (CONTD...)

ance with RBI/FEDAI guidelines. The forward exchange contracts of longer maturities where exchange rates are not notified by FEDAI are revalued at the forward exchange rates implied by the swap curves in respective currencies. The resultant gains or losses are recognised in the Profit and Loss Account.

Premium/discount on forward exchange contracts and currency swaps undertaken to hedge foreign currency assets and liabilities and funding swaps is recognised as interest income/ expense and is amortised on a pro-rata basis over the underlying swap period.

Contingent liabilities on account of foreign exchange contracts, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed at closing rates of exchange notified by FEDAI.

2.8 Derivative transactions

Derivative transactions comprise of forward contracts and swaps which are disclosed as contingent liabilities. The Bank recognises all derivative contracts at the fair value, on the date on which the derivative contracts are entered into and are re-measured at fair value as at the Balance Sheet or reporting dates. In respect of derivative contracts that are marked to market, negative market value is recognised in the Profit and Loss Account in the relevant period. Contingent liabilities on account of derivative contracts denominated in foreign currencies are reported at closing rates of exchange notified by FEDAI at the Balance Sheet date.

Currency futures contracts are marked to market using daily settlement price on a trading day, which is the closing price of the respective futures contracts on that day. While the daily settlement price is computed based on the last half an hour weighted average price of such contract, the final settlement price is taken as the RBI reference rate on the last trading day of the futures contract or as may be specified by the relevant authority from time to time. All open positions are marked to market based on the settlement price and the resultant marked to market profit/loss is daily settled with the exchange.

2.9 Fixed assets and depreciation

Fixed assets are carried at cost of acquisition less accumulated depreciation and impairment, if any. Cost includes cost of purchase and all expenditure like freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

The Bank has adopted the revised useful life of assets as per Schedule II of the Companies Act, 2013. The method of charging depreciation of certain assets has been changed to straight line method from the previous written down value method.

Premises are depreciated under the written down value method, using the same useful life as in Schedule II of the Companies Act, 2013. Improvements to leased premises are depreciated over 5 years based on technical evaluation.

Depreciation on premises revalued has been charged on their written-down value including the addition made on revaluation.

Depreciation on assets sold during the year is recognised on a pro-rata basis till the date of sale.

Profit on sale of premises is appropriated to Capital Reserve account in accordance with RBI instructions.

2.10 Impairment of Assets

The carrying values of assets at each balance sheet date are reviewed for impairment, if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Profit and Loss Account, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future





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SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015 (CONTD...)

cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Profit and Loss Account, to the extent the amount was previously charged to the Profit and Loss Account. In case of revalued assets such reversal is not recognised.

2.11 Non-Banking Assets

Non-Banking assets acquired in settlement of debts /dues are accounted at the lower of their cost of acquisition or net realisable value.

2.12 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, balances with Reserve Bank of India and Balances with Other Banks / institutions and money at call and short notice (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency)

2.13 Revenue Recognition

Interest income is recognised on an accrual basis except interest income on non-performing assets, which is recognised on receipt in accordance with AS-9, Revenue Recognition as specified in Section 133 of the Companies Act, 2013 and the RBI guidelines.

Processing fees collected on loans disbursed, along with related loan acquisition costs are recognised at inception of the loan.

Income on discounted instruments is recognised over the tenure of the instrument on a straight line basis.

Guarantee commission, commission on letter of credit and annual locker rent fees are recognised on a straight line basis over the period of contract. Other fees and commission income are recognised when due, except in cases where the bank is uncertain of ultimate collection.

Dividend is accounted on an accrual basis when the right to receive the dividend is established.

Gain/Loss on sell down of loans is recognised in line with the extant RBI Guidelines.

Loan Syndication fee is accounted for on completion of the agreed service and when right to receive is established.

Unpaid funded interest on term loans are accounted on realisation as per the guidelines of RBI.

The difference between the sale price and purchase cost of gold coins, received on consignment basis is included in other income.

2.14 Lease transactions

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognised as an expense in the Profit and Loss Account as per the lease terms

Finance Lease

Accounting Standard on Leases (AS19) issued by the Institute of Chartered Accountants of India (ICAI) is applicable to leases entered into on or after 1st April 2001. Since all the Bank's outstanding finance lease transactions were entered into prior to that date, the Bank has followed the earlier ICAI guidelines in respect of these leases.





THE FEDERAL BANK LIMITED

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015 (CONTD...)

2.15 Retirement and other employee benefits

The Bank

a) Provident Fund

The contribution made by the bank to The Federal Bank Employees Provident Fund, administered by the trustees is charged to Profit and Loss account.

b) Pension Fund

The contribution towards The Federal Bank Employees' Pension Fund, managed by trustees, is determined on actuarial basis on projected unit credit method as on the Balance Sheet date and is recognised in the accounts. However, the liability arising on account of re-opening of pension option to existing employees who had joined prior to 29th September 1995 and not exercised the option earlier, is amortised over a period of five years commencing from the financial year 2010-11 as permitted by the Reserve Bank of India.

Employees who had joined the services of the Bank with effect from April 01, 2010 are covered under Defined Contributory Pension Scheme (DCPS). In respect of such employees the bank contributes 10% of the Basic Pay plus Dearness Allowance and the expenditure thereof is charged to the Profit and Loss account

c) Gratuity

The bank makes annual contribution to The Federal Bank Employees' Gratuity Trust Fund administered and managed by the Trustees. The cost of providing such benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Profit and Loss Account in the period in which they occur. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

d) Compensation for absence on Privilege / Sick / Casual Leave and Leave Travel Concession (LTC)

The employees of the bank are entitled to compensated absence on account of privilege / sick / casual leave as per the leave rules. The bank measures the long term expected cost of compensated absence as a result of the unused entitlement that has accumulated at the balance sheet date based on actuarial valuation and such costs are recognised in the accounts.

The employees are also eligible for LTC as per the rules. The estimated cost of unused entitlement as on the Balance Sheet date based on actuarial valuation is provided for.

The Subsidiary

- a) The company has defined contribution plans for employees comprising of Provident Fund and Employee State Insurance. The contributions paid/payable to these plans during the year are charged to Profit and Loss Account for the year.
- b) The net present value of the obligation for gratuity benefits , which is a defined benefit plan, as determined on independent actuarial valuation, conducted annually using projected unit credit method, as adjusted for unrecognized past services cost, if any, is recognised in the accounts. Actuarial gains and losses are recognised in full in the Profit and Loss Account for the period in which they occur.
- c) The company has a scheme for compensated absences for employees, the liability of which is determined on the basis of an independent actuarial valuation carried out at the end of the year, using the projected unit credit method. Actuarial gains and losses are recognised in full in the Profit and Loss Account for the period in which they occur.





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SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015 (CONTD...)

2.16 Debit card reward points

The Bank runs a loyalty program which seeks to recognise and reward customers based on their relationship with the Bank. Under the program, eligible customers are granted loyalty points redeemable in future, subject to certain conditions. The Bank estimates the probable redemption of such loyalty/reward points using an actuarial method at the Balance Sheet date by employing independent actuary. Provision for said reward points is then made based on the actuarial valuation report as furnished by the said independent Actuary.

2.17 Employee Stock Option Scheme

The Bank has formulated Employee Stock Option Scheme (ESOS) 2010 in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme) Guidelines, 1999. The Scheme provides for grant of options to Employees of the Bank to acquire Equity Shares of the Bank that vest in a graded manner and that are to be exercised within a specified period. In accordance with the SEBI Guidelines and the guidance note on "Accounting for Employee Share based payments" issued by the ICAI, the excess, if any, of the market price of the share preceding the date of grant of the option under ESOS over the exercise price of the option is amortised on a straight line basis over the vesting period.

2.18 Taxation

Income tax expense is the aggregate amount of current tax and deferred tax charge.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Entity will pay normal income tax. Accordingly, MAT is recognised as an asset in the Consolidated Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Entity.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Group has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

The Group Offsets Deferred Tax Assets and Deferred Tax Liabilities, and advance Income tax and provision for tax, if it has a legally enforceable right and these relate to taxes in income levies by the same governing taxation laws.

Current and deferred tax relating to items directly recognised in reserves are adjusted in reserves and not in Consolidated Profit and Loss Account.

2.19 Earnings per Share

The Group reports basic and diluted earnings per share in accordance with AS 20, Earnings per Share, as specified under Section 133 of the Companies Act, 2013. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.





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SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015 (CONTD...)

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end.

2.20 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

A disclosure of contingent liability is made when there is:

- A possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the group; or
- A present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.





THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES ON ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015

Amounts in Notes forming part of the Consolidated Financial Statements for the year ended 31 March, 2015 are denominated in Rupees Crore to conform to extant RBI guidelines.

1.1 'Provisions and Contingencies' recognised in the Consolidated Profit and Loss Account include:

(₹ in Crore)

	For the year ended / As at	31 March 2015	31 March 2014
i)	Provision towards NPAs (net)	203.94	227.91
ii)	Provision for depreciation Investments (Net)	(93.47)	111.59
iii)	Provision for Non Performing Investments	12.86	-
iv)	Provision for Standard Assets	54.34	12.48
v)	Withdrawal from floating provision	(12.75)	-
vi)	Provision for Taxation : Current Tax Deferred tax Mat credit entitlement	762.98 (245.50) -	198.00 252.12 (77.29)
vii)	Provision towards present value of sacrifice on restructuring, other contingencies etc.	(59.72)	(84.11)
	Total	622.68	640.70

1.2 Earnings per Share ('EPS')

Particulars	31 March 2015	31 March 2014
Weighted average number of equity shares used in computation of basic earnings per share (in 000's)	8,55,830	855,306
Weighted average number of equity shares used in computation of diluted earnings per share (in 000's)	8,55,830	855,306
Nominal Value of share (in ₹)	2	2
Basic earnings per share (in ₹)	12.36	9.93
Diluted earnings per share (in ₹)	12.36	9.93
Earnings used in the computation of basic and diluted earnings per share (₹ in '000)	105,78,143	84,97,493

1.3 A. Subscribed and paid up capital includes:

- (i) 16,590 shares of ₹ 2/- each (Previous Year 16,590 shares of ₹ 2/- each) issued for consideration other than cash
- (ii) 1,66,66,588 underlying equity shares of ₹ 2/- each (Previous Year 2,10,25,590 of ₹ 2/- each) held by custodian on behalf of holders of Global Depository Receipts (GDRs)
- (iii) 14,14,692 ESOS shares of ₹ 2/- per share (Previous Year 74,280 shares of ₹ 2/- per share) allotted under ESOS 2010.





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SCHEDULE 18: NOTES ON ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015 (CONTD...)

B. Allotment of 6,530 shares of ₹ 2/- each (Previous year 6,530 shares of ₹ 2/- each pertaining to the Right issue of 1993 issued at premium of ₹ 25/- per share and 2,62,100 shares of ₹ 2/- each (Previous year 2,62,100 shares of ₹ 2/- per share) pertaining to the Rights issue of 1996 issued at a premium of ₹ 140/- per Share and 10,80,415 equity shares of ₹ 2/- each (previous year 10,83,415 shares of ₹ 2/- per share, at a premium of ₹ 240/- per share) pertaining to Rights issue of 2007 are kept pending following orders from various courts.

Issue of certificates/credit in demat account in respect of 4,11,940 shares of ₹ 2/- each (previous year 412,940 shares of ₹ 2/- each) out of the Bonus issue of 2004 are kept in abeyance consequent to injunction orders from various courts.

1.4 Employee Stock Option Scheme ("ESOS")

(i) Shareholders of the bank had approved Employee Stock Option Scheme (ESOS) through postal ballot, the result of which was announced on December 24, 2010, enabling the Board and/or the "Compensation Committee" to grant such number of equity shares, including options, of the Bank not exceeding 5% of the aggregate number of paid up equity shares of the Bank, in line with the guidelines of SEBI. Pursuant thereto, the Compensation Committee of the bank granted the following options:

	Number of Options	
	31 March 2015	31 March 2014
Outstanding at the beginning of the year	3,70,27,805	2,72,31,395
Surrendered during the year	-	-
Granted during the year*	55,78,225	1,30,47,125
Exercised during the year	13,40,412	16,125
Forfeited/lapsed during the year	7,03,525	32,34,590
Outstanding at the end of the year	4,05,62,093	3,70,27,805
Options exercisable	2,04,87,033	1,37,95,665

* ESOS granted on 12th September 2014 with vesting period of 1,2,3 and 4 years. Exercise period of 5 years and exercise price of ₹ 124/- per share.

As per SEBI guidelines the accounting for ESOS can be done either under the 'Intrinsic value basis' or 'Fair value basis'.

The Compensation Committee in their meeting dated 10/05/2012 decided to adopt 'Intrinsic value method' for accounting of ESOS, in terms of the power vested on them as per the resolution of EGM dated 24 December 2010

The exercise price of the options granted is the same as the market price on the date prior to grant date and hence there is no intrinsic value for the options, which has to be amortized over the vesting period. If "Fair Value Method" had been adopted based on "Black-Scholes pricing model" for pricing and accounting of options, net profit would be lower by ₹ 25.42 Crore (Previous Year: ₹ 20.03 Crore)

The modified basic and diluted earnings per share for the year, had the company followed Fair Value Method of accounting for ESOS compensation cost, would be ₹ 12.06 and ₹ 11.93 (Previous Year: ₹ 9.70 and ₹ 9.64) respectively.





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(ii) Dividend paid on shares issued on exercise of stock options

The Bank may allot shares between the Balance Sheet date and record date for the declaration of dividend pursuant to the exercise of any employee stock options. These shares will be eligible for full dividend for the year ended 31 March 2015, if approved at the ensuing Annual General Meeting. Dividend relating to these shares has not been recorded in the current year.

(iii) Dividend (Including tax/cess thereon) appropriation of ₹ 0.02 Crore represent dividend for Financial Year 2013-14 on the shares issued under Employee Stock Options Scheme before the record date, as per shareholders approval.

1.5 Segment Reporting (AS 17)

Business of the Group is divided into four segments viz. Treasury, Corporate or Wholesale Banking, Retail Banking and other banking operations. The principal activities of these segments and income and expenses structure are as follows:

Treasury

Treasury operations include trading and investments in Government and corporate debt instruments, equity and mutual funds, derivative trading and foreign exchange operations on proprietary account and for customers.

The income of this segment primarily consists of earnings from the investment portfolio of the bank, gains and losses on trading operations. The principal expense of the segment consists of interest expense on funds borrowed/utilized and other allocated overheads.

Corporate/Wholesale Banking:

This segment provides loans and other banking services to Corporate and other clients where value of individual exposure to the Clients exceeds ₹ 5 Crore as defined by RBI. Revenue of this segment consists of interest and fees earned on loans to such customers and charges and fees earned from other banking services. Expenses of this segment primarily consist of interest expense on funds utilized and allocated overheads

Retail banking:

Retail banking constitutes lending and other banking services to individuals/small business customers, other than corporate/wholesale banking customers, identified on the basis of RBI guidelines.

Revenue of this segment consists of interest earned on loans made to such customers and charges /fees carried from other banking services to them. The principal expenses of the segment consist of interest expenses on funds borrowed and other expenses.

Other Banking Operations

This segment includes parabanking activities like third party product distribution and other banking transactions, not covered under any of the above segments. The income from such services and associated costs are disclosed in this segment.

The operations of Subsidiary has been classified under 'Retail Banking'.

Segment results as on 31 March 2015, are set out below:

(₹ in Crore)

Business Segments	Treasury	Corporate/ Whole sale Banking	Retail Banking	Other Banking Operations	Total
Revenue	2250.27	2349.93	3646.51	119.60	8366.31
Result (net of provisions)	342.18	333.99	769.65	103.72	1549.54
Unallocated expense					(19.97)
Operating profit (PBT)					1529.57
Income taxes					(517.48)
Share of Profit of associate					45.72
Extraordinary profit/loss					-





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Business Segments	Treasury	Corporate/ Whole- sale Banking	Retail Banking	Other Banking Operations	Total
Net Profit					1057.81
OTHER INFORMATION					
Segment Assets	28815.23	20520.08	31106.70	24.32	80466.33
Unallocated assets					2441.96
Total assets					82908.29
Segment liabilities	26245.20	19181.63	29179.37	-	74606.20
Unallocated liabilities					601.82
Total liabilities					75208.02

Segment results as on 31 March 2014, are set out below:

Business Segments	Treasury	Corporate/Whole sale Banking	Retail Banking	Other Banking Operations	Total
Revenue	2117.92	2233.40	3197.53	142.03	7690.88
Result (net of provisions)	149.90	291.62	653.22	121.80	1216.54
Unallocated expense					(14.79)
Operating profit (PBT)					1201.75
Income taxes					(372.83)
Share of Profit of associate					20.83
Extraordinary profit/loss					--
Net Profit					849.75
OTHER INFORMATION					
Segment Assets	28338.42	18443.57	26498.01	15.39	73295.39
Unallocated assets					1349.45
Total assets					74644.84
Segment liabilities	25331.70	17066.36	24637.36	-	67035.42
Unallocated liabilities					748.72
Total liabilities					67784.14

Geographic Segment Information

The business of the group is concentrated in India. Accordingly, disclosure of geographical segment results is not applicable.

1.6 Related Party Disclosures

a) Details of Related Parties:

Name of the Party	Nature of Relationship
IDBI Federal Life Insurance Company Limited	Associate
Sri. Shyam Srinivasan, Managing Director & CEO	Key Management Personnel
Mr. P C John , Executive Director & CFO (Upto 30th April, 2013)	Key Management Personnel
Sri. Abraham Chacko (Executive Director)	Key Management Personnel





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b) Significant transactions with related parties:

(₹ in Crore)

Particulars	Key Management Personnel #	
	31 March 2015	31 March 2014
Remuneration		
Sri. Shyam Srinivasan	0.78	0.95
Mr. P C John (including Retirement Benefits)	-	0.20
Sri. Abraham Chacko	0.75	0.82
Dividend Paid	*	*

Asterisk denotes figures below ₹ 1 Lakh

During the year 2014-15, 641 Thousands (Previous Year : 966 Thousands) number of Stock Options under " ESOS 2010" Scheme were granted to Managing Director & CEO and Executive Director of the Bank

The normal transactions of the Bank with the above persons as constituents are not reckoned for the purpose of disclosure.

Note: In accordance with the RBI Guidelines on Compliance with the Accounting Standards by the Banks, the details of transactions with associate have not been disclosed since there is only one entity in the respective category of the related party.

1.7 Fixed Assets

a) Fixed Assets as per Schedule 10 include Intangible Assets relating to Software and System Development Expenditure which are as follows:

(₹ in Crore)

Particulars	31 March 2015	31 March 2014
Gross Block		
At the beginning of the year	82.87	73.31
Additions during the year	14.59	9.56
Deductions during the year	-	-
Closing Balance	97.46	82.87
Depreciation / Amortisation		
At the beginning of the year	55.70	37.24
Charge for the year	19.08	18.46
Deductions during the year	-	-
Depreciation to date	74.78	55.70
Net Block	22.68	27.17

b) Depreciation

The Bank

During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Bank changed its method of depreciation for certain categories of fixed assets from written down value (WDV) method to straight line method (SLM). Consequent to this change, all assets are now being depreciated under SLM except Premises which continues to be depreciated at WDV with useful life as mentioned in Schedule II to the Companies Act, 2013. The Bank also revised the estimated useful life of some of its





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assets to align the useful life with those specified in Schedule II. Further, assets individually costing ₹ 5,000/- or less that were depreciated fully in the year of purchase are now depreciated based on the useful life considered by the Bank for the respective category of assets. The details of previously and currently applied depreciation method, rates / useful life are as follows

Asset	Previous Method of Depreciation	Previous Rate (%)	Current Method	Current Rate (%)	Useful life as per current method (Years)
Premises	WDV	5.00	WDV	5.00	60
Electrical equipment and Other fittings	WDV	13.91	SLM	9.80	10
Furniture	WDV	18.10	SLM	9.80	10
Cycles	WDV	20.00	SLM	9.80	10
Vehicles	WDV	25.89	SLM	12.25	8
Computers	SLM	33.33	SLM	33.33	3
Improvements to Leased premises	SLM	20.00	SLM	20.00	5

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Bank has fully depreciated the carrying value of assets (determined after considering the change in the method of depreciation from WDV to SLM), net of residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of ₹ 2.32 Crore (net of deferred tax of ₹ 1.19 Crore) against the opening Surplus balance in the Statement of Profit and Loss under Reserves and Surplus.

The bank has changed the method of providing depreciation from written down value method to Straight line method for certain assets from 1st April, 2014. This change in method has resulted in excess depreciation charge in earlier years amounting to ₹ 24.37 Crore which has been reversed to Profit and Loss Account for the quarter and nine months ended 31st December, 2014.

The depreciation expense in the Statement of Profit and Loss for the year is lower by ₹ 4.69 Crore consequent to the above change in the method of depreciation.

The subsidiary

The Company has recomputed depreciation based on the useful life of the assets as prescribed in Schedule II of the Companies Act, 2013. Further, as per the transitional provisions, the company has adjusted ₹ 437 thousand (Net of Deferred Tax) in the opening balance of Reserves & Surplus.

c) Revaluation of Fixed Assets

During the year 1995-96, the appreciation of ₹ 9.65 Crore in the value of land and buildings consequent upon revaluation by approved valuers was credited to Revaluation Reserve.

1.8 Deferred Tax Assets / Liability

A. The major components of deferred tax assets and deferred tax liabilities are as under:

(₹ in Crore)

	31st March 2015	31st March 2014
Deferred Tax Liability		
Tax effect of items constituting deferred tax liability:		
(i) Interest accrued but not due	142.16	137.83
(ii) Depreciation on Fixed Assets	-	2.14
(iii) Depreciation on Investments	106.43	349.70





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SCHEDULE 18: NOTES ON ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015 (CONTD...)

	(₹ in Crore)	
	31st March 2015	31st March 2014
(iv) Special Reserve under Section 36 (1) (viii) of the Income Tax Act, 1961	80.28	12.99
Total (A)	328.87	502.66
Deferred Tax Asset		
Tax effect of items constituting deferred tax assets:		
(i) Interest/premium paid on purchase of securities	78.10	65.89
(ii) Provision for Standard Assets	99.24	83.41
(iii) Depreciation on Fixed Assets	3.72	-
(iv) Others	109.11	227.82
Total (B)	290.17	377.12
Deferred tax liability/ (Asset) (A-B)	38.70\$	125.54\$
Less: Deferred tax on value of assets depreciated on expiry of useful life as on 1 April, 2014.	1.21	-
Add: Deferred tax on Reserve under Section 36(1)(viii) of the Income Tax Act, 1961, upto 31 March, 2013 drawn from Revenue Reserve	-	53.96
Less: Deferred tax on Provision for NPA and other disallowances by the Income Tax Department	-	(104.70)
Net Deferred tax liability/ (Asset)	37.49	284.20\$

\$ Net Deferred Asset of ₹ 245.50 [Previous Year ₹ 252.12 Crore (Debited)] Credited to the Consolidated Profit and Loss Account.

B. Draw Down from Reserves

The Bank has not made any draw down from reserves during the year.

In accordance with Reserve Bank of India circular DBOD.No.BP.BC.77/21.04.018/ 2013-14 dated 20 December 2013, the Bank has provided deferred tax liability in respect of special reserve created under Section 36 (1) (viii) of the Income Tax Act 1961 for the period upto 31 March 2013 amounting to ₹ 53.96 Crore by drawing down the balance from Revenue Reserve during the previous year.

1.9 Employee Benefits

a) Defined Contribution Plan

The Bank

Provident Fund

Employees, who have not opted for pension plan are eligible to get benefits from provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid on retirement, death, incapacitation or termination of employment. Both the employee and the Bank contribute a specified percentage of the salary to the Federal Bank Employees' Provident Fund. The Bank has no obligation other than the monthly contribution.

New Pension Scheme

As per the industry level settlement dated 27/04/2010, employees who joined the services of the Bank on or after 01/04/2010 are not eligible for the existing pension scheme whereas they will be eligible for Defined Contributory Pension Scheme (DCPS) in line with the New Pension Scheme introduced for employees of Central Government. Employee shall contribute 10% of their Basic Pay and Dearness Allowance towards DCPS and the Bank will also make a matching contribution. There is no separate Provident Fund for employees joining on or after 01/04/2010.





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SCHEDULE 18: NOTES ON ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015 (CONTD...)

The Subsidiary

The company has defined contribution plans for employees comprising of Provident Fund and Employee State Insurance. The contributions paid/payable to these plans during the year are charged to Profit and Loss Account for the year.

The Group Makes Provident Fund, Employee State Insurance Scheme Contributions and Defined Contributory Pension Scheme for Qualifying Employees. Under the schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognised ₹ 1.24 Crore (Previous Year: ₹ 1.44 Crore) for provident fund contributions, ₹ 0.18 Crore (Previous Year ₹ 0.30 Crore) for Employee State Insurance Scheme Contributions and ₹ 13.34 Crore (Previous Year: ₹ 9.41 Crore) for DCPS in the consolidated Profit and Loss Account. The Contributions payable to these plans by the group are at the rates specified in the Rules of the Schemes.

b) Defined benefit plan

The Group offers the following employee benefit schemes to its employees:

- i.Gratuity
- ii.Superannuation/Pension

Gratuity

The Bank

The Bank provides for Gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering the eligible employees. The Gratuity Plan provides a lumpsum payment to vested employees on retirement, death, incapacitation or termination of employment, of an amount based on the respective employees' salary and the tenure of employment. Vesting occurs upon completion of five years of service as per Payment of Gratuity Act, 1972 and its amendment with effect from 24.05.2010 or as per the provisions of the Federal Bank Employees' Gratuity Trust Fund Rules / Bi-partite Award provisions. Liabilities with regard to the Gratuity Plan are determined by Actuarial valuation as on the Balance Sheet date, based upon which, the Bank contributes all the ascertained liabilities to the Federal Bank Employees' Gratuity Trust Fund (the "Trust"). Trustees administer contributions made to the Trust and contributions are invested in specific investments as permitted by law.

The Subsidiary

The net present value of the obligation for un-funded gratuity benefits, which is a defined benefit plan, as determined on independent actuarial valuation, conducted annually using projected unit credit method, as adjusted for unrecognized past services cost, if any, is recognised in the accounts. Actuarial gains and losses are recognised in full in the Profit and Loss Account for the period in which they occur.

Superannuation / Pension

The Bank

The Bank provides for monthly pension, a defined benefit retirement plan (the "pension plan") covering eligible employees. The pension plan provides a monthly pension after retirement of the employees till death and to the family after the death of the pensioner. The monthly pension is based on the respective employees' salary and the tenure of employment. Vesting occurs upon completion of ten years of service. The Bank pays the monthly pension by purchasing annuities from Life Insurance Corporation of India (LIC). Liabilities with regard to the pension plan are determined by actuarial valuation as on the Balance Sheet date, based upon which, the Bank contributes all the ascertained liabilities to the Federal Bank (Employees') Pension Fund (the "Trust"). Trustees administer contributions made to the Trust and contributions are invested in specific investments as permitted by law.

The following table as furnished by Actuary sets out the funded status of gratuity / pension plan and the amount recognized in the Group's financial statements as at March 31, 2015.





THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES ON ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015 (CONTD...)

i) Change in benefit obligations

(₹ in Crore)

Particulars	Gratuity Plan				Pension Plan	
	FBL		FFSL		FBL	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Projected benefit obligation, beginning of the year	201.26	240.13	0.15	0.08	531.78	584.12
Service Cost	13.59	13.07	0.05	0.10	56.51	47.11
Interest cost	15.03	19.75	0.01	0.01	36.90	44.22
Actuarial (gain)/ loss	6.33	(42.74)	(0.08)	(0.04)	103.42	13.77
Benefits paid	(26.87)	(28.95)	(0.05)	*	(141.13)	(157.44)
Projected benefit obligation, end of the year	209.34	201.26	0.08	0.15	587.48	531.78

Asterisk denote figure below ₹ 1 Lakh

ii) Change in plan assets

(₹ in Crore)

Particulars	Gratuity Plan				Pension Plan	
	FBL		FFSL		FBL	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Plan assets at beginning of the year at fair value	230.83	221.67	-	-	416.25	444.17
Expected return on plan assets	20.52	19.49	-	-	36.96	38.33
Actuarial gain/(loss)	(0.96)	0.16	-	-	3.56	0.26
Employer's Contributions	-	18.46	-	-	228.76	90.93
Benefits paid	(26.87)	(28.95)	-	-	(141.13)	(157.44)
Plan assets at end of the year, at fair value	223.52	230.83	-	-	544.40	416.25

iii) Reconciliation of present value of the obligation and the fair value of the plan assets

(₹ in Crore)

Particulars	Gratuity Plan				Pension Plan	
	FBL		FFSL		FBL	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Fair value of plan assets at the end of the year	223.52	230.83	-	-	544.40	416.25
Present value of the defined benefit obligations at the end of the year	209.34	201.26	0.08	0.15	587.48	531.78
Liability/ (Asset) recognized in the Consolidated Balance Sheet	(14.18)	(29.57)	0.08	0.15	43.08	115.53@

@ Includes amount payable on account of transitional liability due to second option for pension ₹ Nil (Previous year ₹ 33.68 Crore)





THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES ON ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015 (CONTD...)

iv) Gratuity / pension cost for the year ended 31 March, 2015

(₹ in Crore)

Particulars	Gratuity Plan				Pension Plan	
	FBL		FFSL		FBL	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Service cost	13.59	13.07	0.05	0.10	56.51	47.11
Interest cost	15.03	19.75	0.01	0.01	36.90	44.22
Expected return on plan assets	(20.52)	(19.49)	-	-	(36.96)	(38.33)
Actuarial (gain)/loss	7.29	(42.90)	(0.08)	(0.04)	99.86	13.51
Employee Cost	15.39	(29.57)	(0.02)	0.07	156.31	66.51
Amortisation Cost	-	-	-	-	33.68	33.68
Net Cost Debit to Consolidated Profit and Loss Account	15.39	(29.57)	(0.02)	0.07	189.99	100.19
Amount not debited in Consolidated Profit and Loss account, but carried over to be amortised in future years #	-	-	-	-	-	33.68
Actual return on plan assets	19.56	19.64	-	-	40.52	38.59

See Note No. 1.10 of Schedule 18.

v) Investment details of plan Assets

(₹ in Crore)

Particulars	Gratuity Plan				Pension Plan	
	FBL		FFSL		FBL	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Central and state Government bonds	40.13	42.66	NA	NA	129.72	134.04
Other debt securities	27.15	27.65	NA	NA	79.05	82.04
Balance in Saving bank account with the Bank	2.14	1.17	NA	NA	56.83	2.94
Net current assets	1.89	2.04	NA	NA	5.88	6.15
Balance with LIC #	152.21	157.31	NA	NA	272.92	191.08
Total	223.52	230.83	NA	NA	544.40	416.25

NA – Not Applicable

In the absence of detailed information regarding plan assets which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

vi) Experience adjustments

i) Gratuity Plan

a) FBL

(₹ in Crore)

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
Defined Benefit Obligations	209.34	201.26	240.13	225.25	203.51
Plan Assets	223.52	230.83	221.67	198.87	184.69
Surplus/[Deficit]	14.18	29.57	(18.46)	(26.38)	(18.82)
Experience adjustments on Plan Liabilities [Gain/(Loss)]	(6.31)	(5.74)	17.02	0.03	13.89
Experience Adjustments on Plan Assets [Gain/ (Loss)]	1.19	1.76	22.33	0.64	(0.26)





THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES ON ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015 (CONTD...)

b) FFSL

(₹ in Crore)

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
Defined Benefit obligations	0.08	0.15	0.08	0.04	0.08
Plan Assets	Nil	Nil	Nil	Nil	Nil
Surplus/[Deficit]	(0.08)	(0.15)	(0.08)	(0.04)	(0.08)
Experience adjustments on Plan Liabilities [Gain/ (Loss)]	(0.03)	(0.02)	0.04	(0.02)	0.03
Experience adjustments on Plan Liabilities [Gain/ (Loss)]	Not Applicable				

ii) Pension Plan

FBL

(₹ in Crore)

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
Defined Benefit Obligations	587.48	531.78	584.12	598.76	589.34
Plan Assets	544.40	416.25	444.17	422.62	404.04
Surplus/[Deficit]	(43.08)	(115.53)	(139.95)	(176.14)	(185.30)
Experience adjustments on Plan Liabilities [Gain/(Loss)]	(79.75)	(8.18)	(1.22)	450.11	0.59
Experience adjustments on Plan Assets [Gain/(Loss)]	2.19	3.03	1.38	0.96	(0.37)

vii) Assumptions

Particulars	Gratuity Plan				Pension Plan	
	FBL		FFSL		FBL	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Discount rate	8.00%	8.75%	7.74%	8.80%	8.00%	8.75%
Annuity rate per Rupee	-	-	-	-	126.18297	126.18297
Salary escalation rate	5.10%	5.10%	6.00%	7.50%	5.10%	5.10%
Estimated rate of return on plan assets	8.89%	8.79%	-	-	8.88%	8.63%
Attrition Rate	3.00%	3.00%	Not Available	Not Available	3.00%	3.00%
Mortality Table	IALM 2006-08 Ultimate					

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

As the contribution expected to be paid to the defined benefit plans during the annual period beginning after the balance sheet date is based on various internal / external factors, a best estimate of the contribution is not determinable.





THE FEDERAL BANK LIMITED

SCHEDULE 18: NOTES ON ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015 (CONTD...)

(c) Leave Encashment/ Sick Leave / Leave Travel Concession / Unavailed Casual Leave

The Bank

The employees of the Bank are entitled to compensated absence. The employees can carry forward a portion of the unutilised accrued compensated absence and utilise it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence for a maximum of 240 days. The Bank records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Bank measures the expected cost of compensated absence as the additional amount that the Bank expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date based on actuarial valuations.

A sum of ₹ 8.73 Crore (Previous year: ₹ 2.13 Crore) has been provided towards the above liabilities in accordance with AS 15 (Revised) based on actuarial valuation.

The Subsidiary

The company has a scheme for compensated absences for employees, the liability of which is determined on the basis of an independent actuarial valuation carried out at the end of the year, using the projected unit credit method. Actuarial gains and losses are recognised in full in the Profit and Loss Account for the year in which they occur.

The Actuarial liability of compensated absences of accumulated privilege, sick, casual leaves and leave travel concession of the employees of the Group is given below:

	As at 31 March, 2015		As at 31 March 2014	
	FBL	FFSL	FBL	FFSL
Privilege leave	120.89	0.23	115.99	0.28 ₹ in Crore
Sick leave	30.93	-	30.77	-
Leave Travel Concession	11.03	-	7.67	-
Casual Leave	0.82	-	0.51	-
Total actuarial liability	163.67	0.23	154.94	0.28
Assumptions				
Discount rate	8.00%	7.74%	8.75%	8.80%
Salary escalation rate	5.10%	6.00%	5.10%	7.50%
Attrition Rate	3.00%	Not Available	3.00%	Not Available

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

The above information is as certified by the actuary and relied upon by the auditors.





The Federal Bank Limited

Schedule 18: Notes on Accounts Forming Part of the Consolidated Financial Statements for the Year ended 31 March, 2015 (Contd...)

1.10 The net liability arising on exercise of second option for Pension by employees (other than separated / retired employees) actuarially determined during Financial Year 2010-11 at ₹ 168.43 Crore is amortised equally over a period of five years pursuant to the exemption from the application of the provisions of the Accounting Standard (AS) 15, Employee Benefits, granted by the Reserve Bank of India and made applicable to the Bank vide letter no. DBOD No.BP.BC.15896 / 21.04.018 / 2010-11 dated April 8, 2011. Accordingly, an amount of ₹ 33.68 Crore (Previous Year: ₹ 33.68 Crore), being proportionate amount is charged to Consolidated Profit and Loss Account for the year.

1.11 Provisions and Contingencies

a) Movement in provision for frauds included under other liabilities:

(₹ in Crore)

	31 March 2015	31 March 2014
Balance at the beginning of the year	5.32	5.10
Additions during the year	2.30	0.22
Reductions on account of payments during the year	-	-
Reductions on account of reversals during the year	0.98	*
Balance at the end of the year	6.64	5.32

Asterisk denotes figures below ₹ 1 Lakh.

b) Movement in provision for debit card reward points:

(₹ in Crore)

	31 March 2015	31 March 2014
Balance at the beginning of the year	1.00	3.53
Provision made during the year	2.76	--
Reductions during the year	1.51	2.53
Balance at the end of the year	2.25	1.00

c) Movement in provision for other contingencies:

(₹ in Crore)

	Standard Assets Provisions		NPA Provision	
	2014-15	2013-14	2014-15	2013-14
Opening balance	25.50	38.00	179.52	179.52
Provision made during the year	-	-	-	-
Draw down from provision *	12.75	12.50	41.34	-
Closing balance	12.75	25.50	138.18	179.52

d) Movement in floating provision:

(₹ in Crore)

Particulars	Standard Assets Provisions		NPA Provision	
	2014-15	2013-14	2014-15	2013-14
Opening balance	25.50	38.00	179.52	179.52
Provision made during the year	-	-	-	-
Draw down from provision *	12.75	12.50	41.34	-
Closing balance	12.75	25.50	138.18	179.52

* Floating provision has been utilised in accordance with RBI guideline dated February 7, 2014 and March 30, 2015.





The Federal Bank Limited

Schedule 18: Notes on Accounts Forming Part of the Consolidated Financial Statements for the Year ended 31 March, 2015 (Contd...)

1.12 Description of contingent liabilities:

a) Claims against the Group not acknowledged as debts

These represent claims filed against the group in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax and other statutory authorities and disputed by the group.

b) Liability on account of forward exchange and derivative contracts

The Bank enters into foreign exchange contracts (currency swaps, Forward exchange contracts and currency futures) on its own account. Bank enters into Forward exchange contracts for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in two currencies, based on ruling spot rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. Currency Futures contract is a standardized, exchange-traded contract, to buy or sell a certain underlying currency at a certain date in the future, at a specified price.

c) Guarantees given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

d) Acceptances, endorsements and other obligations

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

e) Other items for which bank is contingently liable

Includes capital commitments and amount transferred to RBI under Depositor Education and Awareness Fund (DEAF)

Refer schedule 12 for amounts relating to contingent liability

1.13 Provision for Long Term contracts

The Group has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the bank has reviewed and recorded adequate provision as required under any law / Accounting Standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements.

1.14 Additional information as required by paragraph 2 of the General Instructions for preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013.

Name of the entity	Net Assets i.e. total assets minus total liabilities		Share of profit or loss	
	As % of Consolidated Net Assets	Amount (₹ in Crore)	As % of Consolidated Profit or Loss	Amount (₹ in Crore)
Parent: The Federal Bank Limited	100.49%	7738.13	95.08%	1005.75
Subsidiary: Fedbank Financial Services Limited	0.07%	5.68	0.60%	6.34
Associate: IDBI Federal Life Insurance Company Limited	(0.56%)	(43.54)	4.32%	45.72
Total	100.00%	7700.27	100.00%	1057.81





The Federal Bank Limited

Schedule 18: Notes on Accounts Forming Part of the Consolidated Financial Statements for the Year ended 31 March, 2015 (Contd...)

1.15. Additional disclosure

Additional statutory information disclosed in the separate financial statements of the Bank and subsidiary have no material bearing on the true and fair view of the consolidated financial statements and the information pertaining to the items which are not material have not been disclosed in the consolidated financial statements.

1.16. Figures for the previous year have been regrouped and reclassified, wherever necessary to conform to current year's presentation.

For and on behalf of the Board of Directors

Krishnakumar K
Deputy General Manager

Girish Kumar Ganapathy
Company Secretary

Abraham Chacko
Executive Director
(DIN : 06676990)

Shyam Srinivasan
Managing Director & CEO
(DIN : 02274773)

D. Sampath
General Manager & CFO

Prof. Abraham Koshy
Chairman
(DIN : 00471385)

Directors:

Nilesh S Vikamsey	(DIN : 00031213)
Sudhir M Joshi	(DIN : 00349597)
K M Chandrasekhar	(DIN : 06466854)
Dilip G Sadarangani	(DIN : 06610897)
Harish H Engineer	(DIN : 01843009)
Grace Elizabeth Koshie	(DIN : 06765216)
Shubhalakshmi Panse	(DIN : 02599310)

Place: Kochi
Date : 29th April, 2015





FORM AOC-I

(PURSUANT TO FIRST PROVISO TO SUB-SECTION (3) OF SECTION 129 READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014)

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES / ASSOCIATE COMPANIES / JOINT VENTURES

PART "A": SUBSIDIARIES

(₹ in Thousands)

1. Sl. No.	1
2. Name of the subsidiary:	Fedbank Financial Services Limited
3. Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	NA
4. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	NA
5. Share Capital	19,00,000
6. Reserves & surplus	56,794
7. Total assets	47,16,396
8. Total Liabilities	27,59,602
9. Investments	1,41,604
10. Turnover	7,92,330
11. Profit before taxation	85,320
12. Provision for taxation	21,905
13. Profit after taxation	63,415
14. Proposed Dividend	NIL
15. % of shareholding	100%

Notes:

- 1.Names of subsidiaries which are yet to commence operations - NIL
- 2.Names of subsidiaries which have been liquidated or sold during the year.– NIL





FORM AOC-I (CONTD...)

PART "B":ASSOCIATES AND JOINT VENTURES

Name of Associates / Joint Ventures	IDBI Federal Life Insurance Company Limited
1.Latest audited Balance Sheet	31/03/2014
2.Shares of Associate/Joint Ventures held by the company on the year end	
Number of shares held	20,80,00,000
Amount of Investment in Associates/Joint Venture (₹ '000)	20,80,000
Extent of Holding %	26%
3.Description of how there is significant influence	Investment more than 20%
4.Reason why the associate/joint venture is not consolidated	NA
6.Networth attributable to Shareholding as per latest audited Balance Sheet (₹ '000)	11,87,361
7.Profit / (Loss) for the year 2014 - 15 (₹ '000)	
i. Considered in Consolidation	4,57,222
ii.Not Considered in Consolidation	13,00,813

1. Names of associates or joint ventures which are yet to commence operations - NIL
2. Names of associates or joint ventures which have been liquidated or sold during the year - NIL.

For and on behalf of the Board of Directors

Krishnakumar K
Deputy General Manager

Girish Kumar Ganapathy
Company Secretary

Abraham Chacko
Executive Director
(DIN : 06676990)

Shyam Srinivasan
Managing Director & CEO
(DIN : 02274773)

D. Sampath
General Manager & CFO

Prof. Abraham Koshy
Chairman
(DIN : 00471385)

Directors:

Nilesh S Vikamsey	(DIN : 00031213)
Sudhir M Joshi	(DIN : 00349597)
K M Chandrasekhar	(DIN : 06466854)
Dilip G Sadarangani	(DIN : 06610897)
Harish H Engineer	(DIN : 01843009)
Grace Elizabeth Koshie	(DIN : 06765216)
Shubhalakshmi Panse	(DIN : 02599310)

Place: Kochi
Date : 29th April, 2015





Federal Bank won the prestigious Banking Technology Excellence awards instituted by Institute for Development & Research in Banking Technology (IDRBT), the research division of RBI, for 2013-14 in 4 out of a total of 5 categories in the mid-sized Banks segment. The Bank won the award in the categories (a) Best Bank for Use of Technology for Financial Inclusion, (b) Best Bank for Social Media and Mobile Banking, (c) Best Bank for Business Intelligence Initiatives and (d) Best Bank for Best IT Team, thus becoming the Bank to have won the maximum number of awards this year. Seen in picture is Mr. Shyam Srinivasan, MD & CEO receiving the awards from Dr. Raghuram G. Rajan, Governor, Reserve Bank of India. Also seen Mr. Jose K Mathew (GM & Zonal Head, Bangalore).



Federal Bank Bags CNBC Award for Financial Inclusion- The award was presented by Ms. Nirmala Sitaraman (Honorable Minister for state for Industry & Commerce and Finance & Corporate Affairs) to Ms. Minimole Liz Thomas (AGM) in the presence of MD & CEO Mr. Shyam Srinivasan.





Fedbank Hormis Memorial Foundation 13th Commemorative lecture by Dr. Arun Shourie (Former Union Minister for Disinvestment, Communication and Information Technology) at Crowne Plaza, Ernakulam. Seated on the dais are Mr. Raju Hormis (Trustee & Head CSR), Mr. Shyam Srinivasan (Trustee and MD & CEO), Prof. Abraham Koshy (Managing Trustee and Chairman), Mr. Abraham Chacko (Trustee & Executive Director) and Mr. Paul Mundadan (Trustee).



Inauguration of Federal Experience Centre at Nedumbassery by Prof Abraham Koshy, Chairman in the presence of Mr. Shyam Srinivasan, MD & CEO, Director Board members and customers of the Bank. A first of its kind initiative by a banking institution in the country, Federal Experience Center offers state-of-the-art banking facilities with hospitality standards that cater to the premium service needs of its discerning clients.



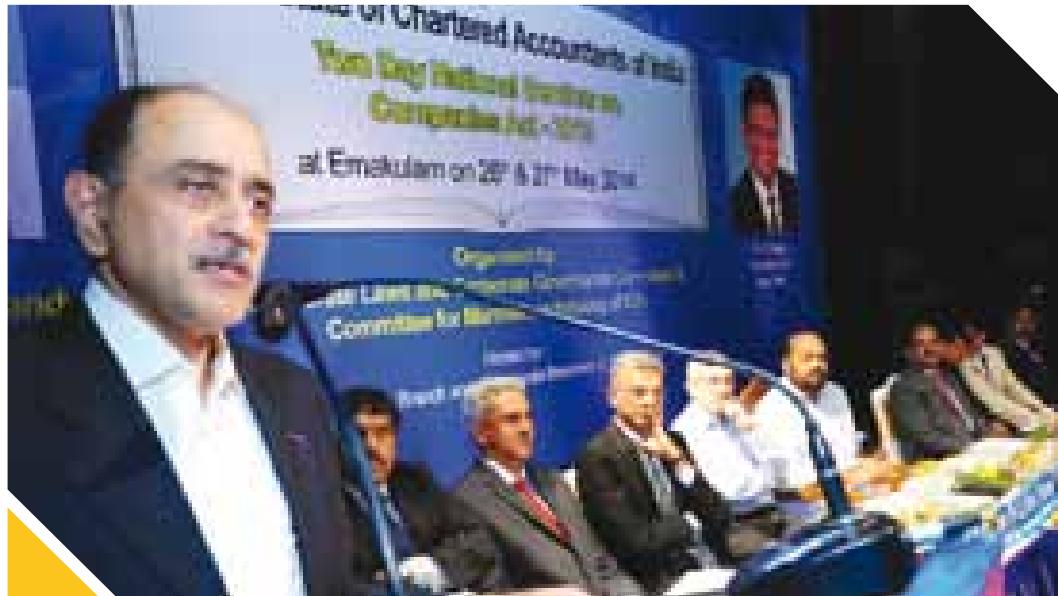


MasterCard innovation Award: Federal Bank was awarded the “MasterCard innovation Award” for the second year in a row, having won it for the first time in 2013. The award was received by Mr. Sumoth C (Chief Manager, Payment and Technology Products Cell) from Smt Kalpana Gupta (DGM, Transaction Banking Division, PNB)



Federal Bank has been recognized for its ‘innovative practices in recruitment’ in the 4th Annual Greentech HR Awards that was held at Bangalore. Mr. Thamby Kurian (GM and Head HR) received the award on behalf of the Bank in a glittering ceremony attended by Entrepreneurs, CEO’s and HR Professionals from top organizations across India.





MD & CEO Mr. Shyam Srinivasan delivering the key note address during the "Two Day National Seminar on Companies Act 2013" at Ernakulam organized jointly by the Committee on Corporate Laws & Corporate Governance and Committee on Members in Industry of The Institute of Chartered Accountants of India (ICAI). Mr. Nilesh Shivji Vikamsey (Director) is also seen in the picture.



Federal Bank has won the internationally acclaimed ACI Excellence Award for innovative and transformative uses of technology solutions to solve customer and business issues. This is the third time in a row that the Bank is winning this prestigious International award. Mr. Sumoth C (AGM) received the award from Mr. Paul Heneghan, MD – Asia Pacific & Japan, ACI Worldwide at the 5th Annual ACI Customer Exchange held at Sydney, Australia.





MD & CEO Mr. Shyam Srinivasan receiving the Distinguished Alumnus award for Excellence in Corporate / Industry during the Golden Jubilee function of National Institute of Technology, Trichy



Multi Purpose transit hall constructed at Uttarakhand as a relief for flood victims with the contribution of Federal Bank and employees.





"Bhoomigeetham"- a fund raising programme by the State for the landless in Kerala was supported by the Bank under CSR. Seen in the picture is Mr. K I Varghese (GM & Head Network 1) being felicitated by Mr. Oommen Chandy (Hon'ble Chief Minister of Kerala) in the presence of Mr. K Babu (Minister for Fisheries, Ports and Excise), Mr. Aryadan Mohammed (Minister for Power), Mr. Adoor Prakash (Minister for Revenue) and Mr. Rajamanickam (District Collector, Ernakulam).

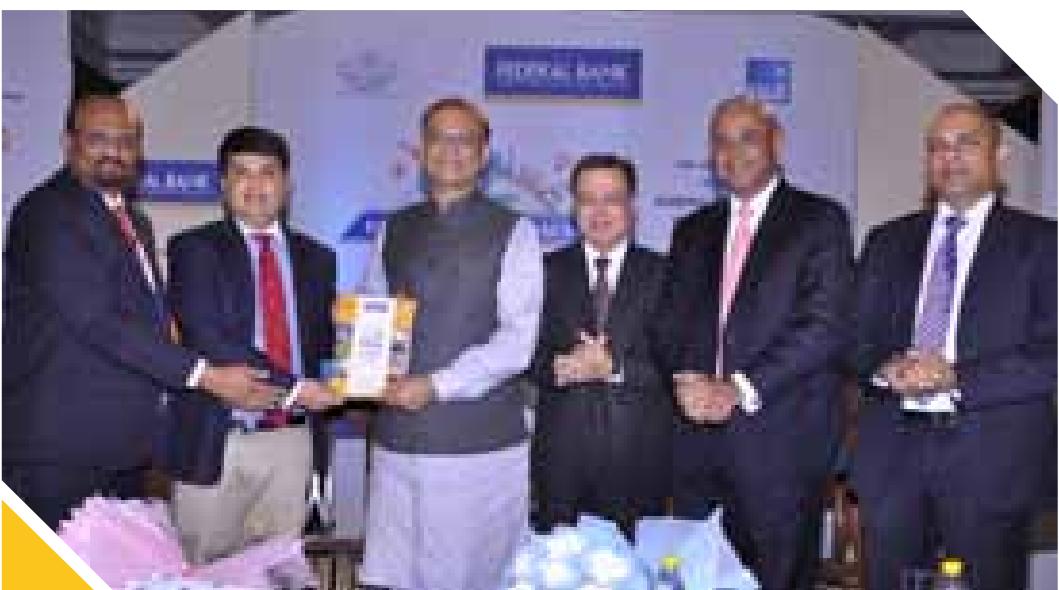


Agreement for a Rs. 500 Cr Term Loan facility sanctioned to Cochin International Airport Ltd (CIAL) being exchanged between Mr. V J Kurian IAS, Managing Director, CIAL, and Mr. Shyam Srinivasan, MD & CEO in the presence of Mr. Abraham Chacko (Executive Director), Mr. A Surendran (GM and Head Retail Business) senior executives of CIAL at a ceremony held at Cochin International Airport, Nedumbassery.





MD & CEO Mr. Shyam Srinivasan meeting Mr. P. Sathasivam (Honourable Governor of Kerala) in the presence of Mr. James V Y (DGM & Zonal Head, Thiruvananthapuram) at Raj Bhavan, Thiruvananthapuram.



Releasing of 'Leading SMEs of India' publication during the SME Excellence Awards 2014. Mr. Jayant Sinha, Hon'ble Minister of State for finance graced the function. Also seen in the picture, Mr. Abraham Chacko (ED), Mr. Antu Joseph (GM) along with other dignitaries.





Federal Bank & Max Bupa join hands for Bancassurance tie up at Mumbai in the Presence of Mr. Shyam Srinivasan (MD & CEO), Mr. Abraham Chacko (Executive Director), Mr. Surendran A (GM and Head Retail Business), Mr. Rahul Khosla (MD, Max India) and Mr. Manasije Mishra (CEO, Max Bupa).



Federal bank CSR Initiative: Federal Bank launches its massive programme of supporting schools in backward areas supplying computers and setting up of computer labs. Seen in the picture is Mr. Thamby Kurian (GM and Head HR) symbolically handing over the computer to the authorities of schools in the presence of Mr. Raju Hormis (Head- CSR) and Mr. Sunny N V (DGM & Zonal Head, Ernakulam).





Launch of Vidya Suraksha in association with Kotak Life Insurance for providing Life Insurance cover for students availing Education Loans. Mr. K I Varghese (GM & Head Network 1) exchanging the MOU with Mr. Subhasis Ghosh (Head, Financial Institutions Group & Senior Vice President, Kotak Life Insurance) during the launch function held at Kochi. Also seen are Mr. Lyju James (Associate Vice President, Kotak Life Insurance), Mr. Babu K.A (DGM & Head Retail Business), Mr. Sunny N.V (DGM & Zonal Head, Ernakulam).



Inauguration of MD's Club by MD & CEO Mr. Shyam Srinivasan in the presence of Mr. Abraham Chacko (Executive Director), Mr. Sampath D (GM and CFO) and Mr. Thamby Kurian (GM and Head HR).





Federal Bank received the Banking Frontier's Finnoviti 2015 Award for its innovative product "Scan N Pay". The award was received on behalf of the Bank by Mr. Jose V Joseph (GM) and Mr. Arun Thomas (Manager, IT Department) from Mr. Anuj Bhargava (President, the Institute of Management Consultants of India).



Mr. Thamby Kurian (GM and Head HR) receiving the '100 Most Talented Global HR Leaders' Citation, instituted by CHRO Asia.





Federal Bank CSR initiative- Donated an Ambulance to 'Asha Kiran', a charitable organization providing palliative care to hundreds of patients and supporting the children of AIDS affected parents. Seen in the picture is Mr. K I Varghese (GM & Head Network 1) handing over the key to Baselios Mar Thoma Paulose II, Catholicos of the Orthodox Syrian Church in the presence of Mr. T P Mathai (DGM & Zonal Head, Kottayam), Mr. Ninan Kurian (Chief Manager, Br Pampady) and Rev Fr. Mathews, Director, 'Asha Kiran'.



Inauguration of a 2-day program on Women Empowerment- (WE- Rise & Fly High) by Dr. B Sandhya (IPS, Additional Director General of Police, Kerala) in the presence of Mr. Thampy Kurian (GM and Head HR), Mr. Sunny N V (DGM & Zonal Head, Ernakulam), Mr. M V Raju (DGM) among others.





Shri. K R Mohanachandran, GM receiving the NIB Awards, jointly organized by Ernakulam Press Club and Public Relations Council of India (PRCI) - Kerala Chapter in Best Corporate Brand and Best House Magazine Categories, from Hon'ble Chief Minister of Kerala, Shri. Oommen Chandy during the presentation ceremony held at Kochi in the presence of Shri K. Babu, Minister for Fisheries, Ports & Excise, Prof. K. V. Thomas, MP, Shri Hibi Eden, MLA and Shri M. B. Jayaram, Chairman Emeritus & Mentor of PRCI.



Panel discussion as part of Federal Bank – Dun & Bradstreet SME Connect Series 2014 presented by The Times Group at Kolkata: (L-R) Mr. Natesh Mani, President (sales & Marketing), Sify Technologies Ltd, Mr. Dibyendu Basu, President, Bengal National Chamber of Commerce & Industry, Mr. Sanjeev Nandwani, Development Commissioner, Ministry of Commerce & Industry, Mr. Pawan Bindal, Director, Dun & Bradstreet India and Mr. Antu Joseph, Head SME, Federal Bank





Winner of "Federal Bank - Speak for Kerala" student debate completion under CSR, Ms. Sana Nazar (FISAT Engg college, Mookkannoor) receiving the Federal Bank Kerala Youth of the Year 2015 trophy from former international cricketer Mr Anil Kumble in the presence of Mr. Abraham Koshy (Chairman) and Mr. Shyam Srinivasan (MD & CEO).



Business world MAGNA Awards 2015: Mr. Shyam Srinivasan, MD & CEO & Mr. Abraham Chacko, Executive Director, receiving the Best Small Bank Award from Mr. Anurag Batra, Chairman, BusinessWorld. Businessworld - Price Waterhouse Coopers combine chose Federal Bank as the Best Bank among Small Banks in India in its Best Bank Survey.





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CIN: L65191KL1931PLC000368