

THE FEDERAL BANK LIMITED
REGD.OFFICE: P.B.NO. 103, FEDERAL TOWERS, ALUVA-683101
(CIN: L65191KL1931PLC000368)

STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2015

(₹ in Lakhs)

Particulars	Quarter ended			Half year ended		Year ended 31.03.2015
	30.09.2015	30.06.2015	30.09.2014	30.09.2015	30.09.2014	
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	
1. Interest earned (a)+(b)+(c)+(d)	1,90,226	1,91,315	1,86,958	3,81,541	3,64,108	7,41,946
(a) Interest/discount on advances/bills	1,40,005	1,41,423	1,36,294	2,81,428	2,66,281	5,44,683
(b) Income on Investments	42,356	43,037	40,989	85,393	82,346	1,64,968
(c) Interest on balances with Reserve Bank of India and other inter bank funds	1,905	1,309	2,327	3,214	3,578	6,236
(d) Others	5,960	5,546	7,348	11,506	11,903	26,059
2. Other Income	18,227	19,394	19,586	37,621	35,240	87,831
3. TOTAL INCOME (1+2)	2,08,453	2,10,709	2,06,544	4,19,162	3,99,348	8,29,777
4. Interest expended	1,29,392	1,30,839	1,26,378	2,60,231	2,47,106	5,03,905
5. Operating Expenses (i)+(ii)	45,404	43,149	39,190	88,553	76,113	1,63,093
(i) Employees Cost	24,893	25,229	20,380	50,122	40,823	89,196
(ii) Other operating expenses	20,511	17,920	18,810	38,431	35,290	73,897
6. TOTAL EXPENDITURE (4+5) (excluding Provisions and Contingencies)	1,74,796	1,73,988	1,65,568	3,48,784	3,23,219	6,66,998
7. OPERATING PROFIT (3-6) (Profit before Provisions and Contingencies)	33,657	36,721	40,976	70,378	76,129	1,62,779
8. Provisions (other than Tax) and Contingencies	8,728	15,310	4,571	24,038	6,779	10,675
9. Exceptional Items	-	-	-	-	-	-
10. Profit from Ordinary Activities before tax (7-8-9)	24,929	21,411	36,405	46,340	69,350	1,52,104
11. Tax expense	8,801	7,272	12,375	16,073	23,297	51,529
12. Net Profit from Ordinary Activities after tax (10-11)	16,128	14,139	24,030	30,267	46,053	1,00,575
13. Extraordinary items (net of tax expense)	-	-	-	-	-	-
14. Net Profit for the period (12-13)	16,128	14,139	24,030	30,267	46,053	1,00,575
15. Paid-up Equity Share Capital (Refer Note 10) (Face value ₹ 2/- per Equity Share)	34,349	17,159	17,111	34,349	17,111	17,133
16. Reserves excluding Revaluation Reserve	-	-	-	-	-	7,56,180
17. Analytical Ratios						
(i) Percentage of shares held by Government of India	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Capital Adequacy ratio (%)						
Under Basel III	14.71	15.07	14.45	14.71	14.45	15.46
(iii) Earnings per Share (EPS) (in ₹) (Refer Note 10)						
(a) Basic EPS (before and after Extra ordinary Items)	0.94*	0.83*	1.40*	1.77*	2.69*	5.87
(b) Diluted EPS (before and after Extra ordinary Items)	0.92*	0.82*	1.38*	1.74*	2.65*	5.82
(iv) NPA Ratios						
a) Gross NPA	1,49,873	1,30,458	1,03,105	1,49,873	1,03,105	1,05,773
b) Net NPA	67,484	48,447	31,850	67,484	31,850	37,327
c) % of Gross NPA	2.90	2.59	2.10	2.90	2.10	2.04
d) % of Net NPA	1.33	0.98	0.66	1.33	0.66	0.73
(v) Return on Assets (%)	0.20*	0.17*	0.32*	0.37*	0.62*	1.32
18. Public Shareholding:						
Number of Shares (in Lakhs) (Refer Note 10)	16,859.26	8,418.54	8,383.51	16,859.26	8,383.51	8,399.88
Percentage of shareholding #	98.17	98.12	97.99	98.17	97.99	98.05
19. Promoters and Promoter group share holding						
(a) Pledged/Encumbered						
- Number of Shares	NIL	NIL	NIL	NIL	NIL	NIL
- Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	NIL	NIL	NIL	NIL	NIL	NIL
- Percentage of Shares (as a % of the total share capital of the company)	NIL	NIL	NIL	NIL	NIL	NIL
(b) Non-encumbered						
- Number of Shares	NIL	NIL	NIL	NIL	NIL	NIL
- Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	NIL	NIL	NIL	NIL	NIL	NIL
- Percentage of Shares (as a % of the total share capital of the company)	NIL	NIL	NIL	NIL	NIL	NIL

* Not Annualised

excludes shares held by custodian against Global Depository Receipts.



Segment Information@

Particulars	Quarter ended			Half year ended		(₹ In Lakhs)
	30.09.2015	30.06.2015	30.09.2014	30.09.2015	30.09.2014	Year ended
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	31.03.2015
Segment Revenue:						Audited
Treasury	55,951	57,729	54,718	1,13,680	1,08,148	2,25,027
Corporate/Wholesale Banking	58,469	53,062	60,409	1,11,531	1,16,035	2,34,993
Retail Banking	93,125	99,635	86,356	1,92,760	1,69,287	3,57,797
Other Banking operations	908	283	5,061	1,191	5,878	11,960
Unallocated	-	-	-	-	-	-
Total Revenue	2,08,453	2,10,709	2,06,544	4,19,162	3,99,348	8,29,777
Less: Inter Segment Revenue	-	-	-	-	-	-
Income from Operations	2,08,453	2,10,709	2,06,544	4,19,162	3,99,348	8,29,777
Segment Results (net of provisions):						
Treasury	8,159	1,799	4,595	9,958	12,476	34,218
Corporate/Wholesale Banking	2,763	1,439	12,763	4,202	25,266	33,399
Retail Banking	13,802	18,438	14,791	32,240	27,236	76,112
Other Banking operations	706	234	4,749	940	5,164	10,372
Unallocated	(501)	(499)	(493)	(1,000)	(792)	(1,997)
Profit before tax	24,929	21,411	36,405	46,340	69,350	1,52,104
Capital employed:						
Treasury	2,83,038	3,08,062	2,78,726	2,83,038	2,78,726	2,57,003
Corporate/Wholesale Banking	1,17,539	1,08,880	1,18,900	1,17,539	1,18,900	1,33,845
Retail Banking	1,86,828	1,72,157	1,57,774	1,86,828	1,57,774	1,96,520
Other Banking operations	4,701	4,449	1,037	4,701	1,037	2,432
Unallocated	2,13,637	1,95,436	1,84,614	2,13,637	1,84,614	1,84,013
Total	8,05,743	7,88,984	7,41,051	8,05,743	7,41,051	7,73,813

@ For the above segment reporting, the reportable segments are identified into Treasury, Corporate/Wholesale Banking, Retail Banking and Other Banking Operations in compliance with the revised RBI guidelines. The Bank mainly operates in India.

Notes:

1 Statement of Assets and Liabilities of the bank as on September 30, 2015 is given below:

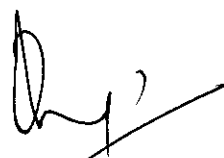
Particulars	(₹ in Lakhs)		
	As at 30.09.2015 Unaudited	As at 30.09.2014 Unaudited	As at 31.03.2015 Audited
CAPITAL AND LIABILITIES			
Capital	34,349	17,111	17,133
Reserves and Surplus	7,71,394	7,23,940	7,56,680
Deposits	73,78,320	64,56,386	70,82,499
Borrowings	1,62,095	3,45,527	2,30,825
Other Liabilities and Provisions	2,80,333	2,94,279	1,97,911
Total	86,26,491	78,37,243	82,85,048
ASSETS			
Cash and Balances with Reserve Bank of India	3,69,100	3,17,890	3,37,954
Balance with Banks and Money at Call and Short Notice	2,74,010	1,80,918	1,40,045
Investments	23,19,935	19,39,046	20,56,882
Advances	50,86,667	48,46,614	51,28,499
Fixed Assets	50,282	42,959	46,663
Other Assets	5,26,497	5,09,816	5,75,005
Total	86,26,491	78,37,243	82,85,048

- The above Standalone Unaudited Financial Results for the quarter and half year ended September 30, 2015 were reviewed by the Audit Committee and recommended for approval to and approved by the Board of Directors at its meeting held on October 20, 2015. These Results have been subjected to "Limited Review" by the Statutory Central Auditors of the Bank and an unqualified report has been issued by them.
- The Bank has followed the same Significant Accounting Policies in the preparation of the Interim Financial Statements as those followed in the Annual Financial Statements for the year ended March 31, 2015.
- As a prudent policy, the Bank holds provisions for Non Performing Assets over and above the minimum required under the Reserve Bank of India (RBI) norms. Further, provision for standard assets including requirements for exposures to entities with Unhedged Foreign Currency Exposures and provision for restructured advances have been made as per RBI guidelines.
- RBI Master Circular DBR.No.BP.BC.1/21.06.201/2015-16 on Basel III Capital Regulations dated July 01, 2015 contains guidelines on certain Pillar 3 disclosure requirements including Leverage Ratio disclosure requirements that are to be made along with the publication of Financial Results. Accordingly, such applicable disclosures have been placed on the website of the Bank which can be accessed at the following link: <http://www.federalbank.co.in/regulatory-disclosures>. These disclosures have not been subjected to review by the Statutory Central Auditors of the Bank.



- 6 Other income includes fees earned from providing services to customers, commission from non-fund based banking activities, earnings from foreign exchange and derivative transactions, selling of Third party products, profit / loss on sale of investments (net), recoveries from accounts written off.
- 7 Pursuant to RBI Circular DBR.BP.BC.No.31/21.04.018/2015-16 dated July 16, 2015, the Bank has, effective from September 30, 2015 included its deposits placed with NABARD, SIDBI, and NHB on account of shortfall in lending to priority sector under 'Other Assets'. Hitherto these were included under 'Investments' and Interest income thereon was included under 'Interest Earned - Income on Investments'. Arising out of regrouping in line with the above mentioned RBI guidelines, interest income on deposits placed with NABARD, SIDBI and NHB is included under 'Interest Earned - Others'. Figures for the previous periods / year have been regrouped / reclassified to conform to current period classification. The above change in classification has no impact on the profit of the Bank for the quarter and half year ended September 30, 2015.
- 8 Number of Investor complaints received and disposed off during the quarter ended September 30, 2015:
- | | |
|--|-------|
| a) Pending at the beginning of the quarter | : NIL |
| b) Received during the quarter | : 16 |
| c) Disposed off during the quarter | : 16 |
| d) Pending at the end of the quarter | : NIL |
- 9 During the quarter and half year ended September 30, 2015, the Bank allotted 15,47,982 and 28,37,991 Equity Shares respectively, pursuant to the exercise of stock options by certain employees.
- 10 The shareholders of the Bank had approved the issue of Bonus Shares at the Annual General Meeting held on June 29, 2015, in the Ratio of 1:1 for Shares held as on the record date of July 9, 2015. Pursuant to which 85,79,45,206 fully paid up Equity Shares had been allotted by the bank as bonus shares and One Global Depository share (GDS) had been issued as bonus for every GDS held to the existing holders as on the record date. Consequently, as per the extant ESOS 2010 Scheme bonus options had been provided to the existing ESOS option holders and the exercise price had been adjusted accordingly. The earnings per share have been adjusted for previous periods / year in accordance with Accounting Standard 20, Earnings per share.
- 11 During the quarter ended September 30, 2015 the Bank had assigned certain Non performing financial assets to an Asset Reconstruction Company. In terms of RBI Master Circular DBR.No.BP.BC.2/21.04.048/2015-16 on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated July 1, 2015, the shortfall arrived at by deducting sale consideration from the Net Book value of the financial assets, amounting to ₹ 569.78 Lakhs, is amortised over a period of two years. Accordingly, the bank has charged to the profit and loss account an amount of ₹ 81.40 Lakhs during the current quarter and the balance of ₹ 488.38 Lakhs will be amortised over the next six quarters.
- 12 Previous period / year figures have been regrouped / reclassified, where necessary to conform to current period classification.

Kochi
20th October, 2015


SHYAM SRINIVASAN
MANAGING DIRECTOR & CEO
(DIN: 02274773)



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INDEPENDENT AUDITORS' REVIEW REPORT

**TO THE BOARD OF DIRECTORS OF
THE FEDERAL BANK LIMITED**

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **THE FEDERAL BANK LIMITED** ("the Bank") for the Quarter and Half Year ended 30th September, 2015 ("the Statement"), being submitted by the Bank pursuant to the requirement of Clause 41 of the Listing Agreements with the Stock Exchanges, except for the disclosures referred to in paragraph 6 below. This Statement is the responsibility of the Bank's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Bank personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
3. In the conduct of our review, 111 branches have been reviewed by one of us which covers 55 percent of the advances portfolio of the bank as at 30th September, 2015. We have also relied upon various returns received from the branches of the bank.
4. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the Stock Exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms prescribed by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.



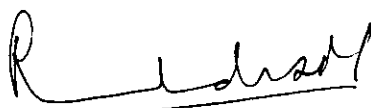
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5. Attention is drawn to Note No. 11 of the Statement regarding deferment of shortfall of Rs.569.78 Lakhs arising from the sale of certain non-performing assets during the quarter ended 30th September, 2015 in terms of RBI Master Circular DBR.No.BP.BC.2/21.04.048/2015-16 on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to advances, dated July 1, 2015, and the unamortised balance as at 30th September, 2015 of Rs.488.38 Lakhs.

Our conclusion is not modified in respect of this matter.

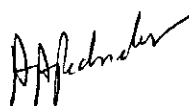
6. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding, and the number of shares as well as the percentage of shares pledged/encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding in terms of Clause 35 of the Listing Agreements with the Stock Exchanges and the particulars relating to investor complaints disclosed in the Statement, from the details furnished by the Registrars. The "Pillar 3 disclosures including Leverage Ratio under Basel III Capital Regulations" disclosed on the Bank's website and in respect of which a link has been provided in the Statement have not been subjected to our review.

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. 041037)

KOCHI, 20 October, 2015.