

SD/ 24 / /2016

Secretarial Department
22. 7.2016

The National Stock Exchange of India Limited
Exchange Plaza,
Bandra- Kurla Complex,
Bandra (E),
Mumbai – 400 051.

Dear Sir,

As required under the Listing Agreement entered into by us with your Stock Exchange and as per Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are forwarding the Un-audited Financial Results of the Bank for the period ended 30th June, 2016, which was approved at the Bank's Board of Directors meeting held today.

Kindly acknowledge.

Thanking you,



Company Secretary



**Deloitte
Haskins & Sells**

Chartered Accountants
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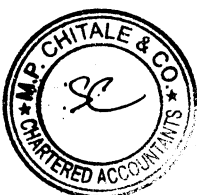
M P Chitale & Co.

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**INDEPENDENT AUDITORS' REVIEW REPORT ON
REVIEW OF INTERIM FINANCIAL RESULTS**

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

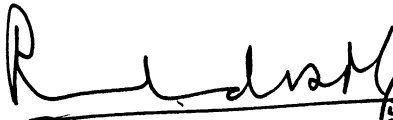
1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **THE FEDERAL BANK LIMITED** ("the Bank") for the quarter ended 30th June, 2016 ("the Statement"), being submitted by the Bank pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 except for the matters set out in para 5 below. This Statement which is the responsibility of the Bank's Management and approved by the Board of Directors, has been prepared in accordance with the accounting principles generally accepted in India along with the recognition and measurement principles laid down in Accounting Standard for Interim Financial Reporting (AS 25), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder in so far as they apply to Banking Companies and circulars and guidelines issued by the Reserve Bank of India (RBI) from time to time. 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's 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, 106 branches have been reviewed by either of us which covers 56 percent of the advances portfolio of the bank as at 30th June, 2016. 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 Statement, prepared in accordance with the aforesaid Accounting Standards and other accounting principles generally accepted in India in so far as they apply to Banking Companies and circulars and guidelines issued by the RBI from time to time, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that the financial results for the quarter ended 30th June, 2016 contains any material misstatement or has not been prepared in accordance with relevant prudential norms issued by the RBI in respect of income recognition, asset classification, provisioning and other related matters.
5. The Pillar 3 disclosures and the leverage ratio under Basel III Capital Regulations as set out in note no.4 of the Statement have not been subjected to our review.
6. Attention is drawn to note no. 8 of the Statement regarding deferment of shortfall arising from the sale of certain non-performing assets during the year 2015-16 in terms of RBI Master Circular DBR.No.BP.BC.2/21.04.048/2015-16 - Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances, dated July 1, 2015, as amended and the unamortised balance as at 30th June, 2016 of Rs.6,504.86 Lakhs.

Our conclusion is not modified in respect of this matter.

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)


Sanat Ulhas Chitale
Partner
(Membership No.143700)



KOCHI, 22 July, 2016

THE FEDERAL BANK LIMITED
REGD.OFFICE: P.B.NO. 103, FEDERAL TOWERS, ALUVA-683101
(CIN: L65191KL1931PLC000368)
STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2016
(₹ in Lakhs)

Particulars	Quarter ended			Year ended
	30.06.2016	31.03.2016	30.06.2015	31.03.2016
	Unaudited	Audited (Refer Note 10 below)	Unaudited	Audited
1. Interest earned (a)+(b)+(c)+(d)	2,01,377	2,02,667	1,91,363	7,74,815
(a) Interest/discount on advances/bills	1,52,422	1,46,949	1,41,423	5,66,931
(b) Income on Investments	43,084	45,996	43,085	1,76,309
(c) Interest on balances with Reserve Bank of India and other inter bank funds	1,216	725	1,309	5,596
(d) Others	4,655	8,997	5,546	25,979
2. Other Income	23,704	22,671	19,346	78,292
3. TOTAL INCOME (1+2)	2,25,081	2,25,338	2,10,709	8,53,107
4. Interest expended	1,32,110	1,34,058	1,30,839	5,24,045
5. Operating Expenses (i)+(ii)	50,385	51,828	43,149	1,86,684
(i) Employees Cost	28,941	29,304	25,229	1,05,285
(ii) Other operating expenses	21,444	22,524	17,920	81,399
6. TOTAL EXPENDITURE (4+5) (excluding Provisions and Contingencies)	1,82,495	1,85,886	1,73,988	7,10,729
7. OPERATING PROFIT (3-6) (Profit before Provisions and Contingencies)	42,586	39,452	36,721	1,42,378
8. Provisions (other than Tax) and Contingencies	16,848	38,864	15,310	70,413
9. Exceptional Items	-	-	-	-
10. Profit from Ordinary Activities before tax (7-8-9)	25,738	588	21,411	71,965
11. Tax expense	9,007	(438)	7,272	24,400
12. Net Profit from Ordinary Activities after tax (10-11)	16,731	1,026	14,139	47,565
13. Extraordinary items (net of tax expense)	-	-	-	-
14. Net Profit for the period (12-13)	16,731	1,026	14,139	47,565
15. Paid-up Equity Share Capital (Refer Note 9) (Face value ₹ 2/- per Equity Share)	34,387	34,379	17,159	34,379
16. Reserves excluding Revaluation Reserve				7,74,242
17. Analytical Ratios				
(i) Percentage of shares held by Government of India	NIL	NIL	NIL	NIL
(ii) Capital Adequacy ratio (%)				
Under Basel III	13.59	13.93	15.07	13.93
(iii) Earnings per Share (EPS) (in ₹) (Refer Note 9)				
(a) Basic EPS (before and after Extra ordinary Items)	0.97*	0.06*	0.83*	2.77
(b) Diluted EPS (before and after Extra ordinary Items)	0.97*	0.06*	0.82*	2.75
(iv) NPA Ratios				
a) Gross NPA	1,74,731	1,66,777	1,30,458	1,66,777
b) Net NPA	99,450	95,001	48,447	95,001
c) % of Gross NPA	2.92	2.84	2.59	2.84
d) % of Net NPA	1.68	1.64	0.98	1.64
(v) Return on Assets (%)	0.19*	0.01*	0.17*	0.57

* Not Annualised



Segment Information@

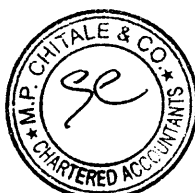
(₹ in Lakhs)

Particulars	Quarter ended			Year ended
	30.06.2016	31.03.2016	30.06.2015	31.03.2016
	Unaudited	Audited (Refer Note 10 below)	Unaudited	Audited
Segment Revenue:				
Treasury	59,567	59,193	57,729	2,28,193
Corporate/Wholesale Banking	71,890	67,702	53,062	2,36,094
Retail Banking	92,121	92,787	99,635	3,80,964
Other Banking operations	1,503	5,656	283	7,856
Unallocated	-	-	-	-
Total Revenue	2,25,081	2,25,338	2,10,709	8,53,107
Less: Inter Segment Revenue	-	-	-	-
Income from Operations	2,25,081	2,25,338	2,10,709	8,53,107
Segment Results (net of provisions):				
Treasury	12,825	3,172	1,799	15,852
Corporate/Wholesale Banking	3,337	(5,324)	1,439	1,814
Retail Banking	9,020	(2,062)	18,438	49,459
Other Banking operations	944	5,532	234	7,385
Unallocated	(388)	(730)	(499)	(2,545)
Profit before tax	25,738	588	21,411	71,965
Capital employed:				
Treasury	2,97,703	2,50,922	3,08,062	2,50,922
Corporate/Wholesale Banking	1,42,200	1,52,771	1,08,880	1,52,771
Retail Banking	1,94,123	2,01,481	1,72,157	2,01,481
Other Banking operations	1,803	2,656	4,449	2,656
Unallocated	1,90,186	2,01,292	1,95,436	2,01,292
Total	8,26,015	8,09,122	7,88,984	8,09,122

@ 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 RBI guidelines.

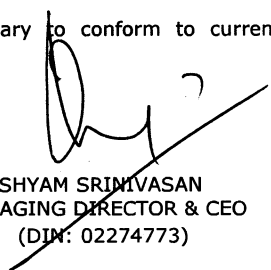
Notes:

- The above Standalone Unaudited Financial Results for the quarter ended June 30, 2016 were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on July 22, 2016. These Results have been subjected to "Limited Review" by the Statutory Central Auditors of the Bank and an unmodified review report has been issued.
- The Bank has made provision for Non Performing Assets as stipulated under 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.
- 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, 2016.
- In accordance with RBI Circular DBR.No.BP.BC.1/21.06.201/2015-16 on Basel III Capital Regulations dated July 01, 2015 and RBI Circular DBR.No.BP.BC.80/21.06.201/2014-15 dated March 31, 2015 - 'Prudential Guidelines on Capital Adequacy and Liquidity Standards - amendments', Banks are required to make 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.
- 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 on sale of investments (net), recoveries from advances written off.
- 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 quarters ended March 31, 2016, June 30, 2016 and year ended March 31, 2016.
- During the quarter ended June 30, 2016, the Bank had allotted 4,28,690 Equity Shares, pursuant to the exercise of stock options by certain employees.



- 8 During the year ended March 31,2016, the Bank had assigned certain Non performing financial assets to Asset Reconstruction Companies. In terms of RBI Master Circular DBR.No.BP.BC.2/21.04.048/2015-16 - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated July 1, 2015, as amended, the shortfall arrived at by deducting sale consideration from the net book value of the financial assets, is amortised over a period of two years. Accordingly, the bank has charged to the profit and loss account an amount of ₹ 2,168.29 Lakhs for the Quarter and the unamortised balance carried forward as on June 30,2016 is ₹ 6,504.86 Lakhs, to be amortised over the next three quarters.
- 9 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 the above 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 the quarter ended June 30, 2015 in accordance with Accounting Standard 20, Earnings per share.
- 10 The figures of the quarter ended March 31, 2016 are the balancing figures between the audited figures in respect of the full Financial Year upto March 31, 2016 and the unaudited published year to date figures upto December 31, 2015 being the date of the end of the third quarter of the financial year, which were subjected to Limited Review.
- 11 Previous period's / year's figures have been regrouped / reclassified, where necessary to conform to current period's classification.

Kochi
July 22, 2016


SHYAM SRINIVASAN
MANAGING DIRECTOR & CEO
(DIN: 02274773)

