

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, 2018
(₹ in Lakhs)

Particulars	Quarter ended			Year ended
	30.06.2018	31.03.2018	30.06.2017	31.03.2018
	Unaudited	Audited (Refer Note 12 below)	Unaudited	Audited
1. Interest earned (a)+(b)+(c)+(d)	266,738	254,797	232,409	975,286
(a) Interest/discount on advances/bills	207,944	195,106	178,775	753,878
(b) Income on investments	50,715	51,695	46,829	191,744
(c) Interest on balances with Reserve Bank of India and other inter bank funds	2,523	1,840	2,367	9,581
(d) Others	5,556	6,156	4,438	20,083
2. Other income	27,086	31,417	32,910	115,912
3. TOTAL INCOME (1+2)	293,824	286,214	265,319	1,091,198
4. Interest expended	168,732	161,475	152,342	617,005
5. Operating expenses (i)+(ii)	64,800	65,882	57,192	245,090
(i) Employees cost	34,502	33,081	29,845	124,247
(ii) Other operating expenses	30,298	32,801	27,347	120,843
6. TOTAL EXPENDITURE (4+5) (excluding provisions and contingencies)	233,532	227,357	209,534	862,095
7. OPERATING PROFIT (3-6) (Profit before provisions and contingencies)	60,292	58,857	55,785	229,103
8. Provisions (other than tax) and contingencies	19,915	37,153	23,644	94,717
9. Exceptional items	-	-	-	-
10. Profit from Ordinary Activities before tax (7-8-9)	40,377	21,704	32,141	134,386
11. Tax expense	14,106	7,205	11,126	46,501
12. Net Profit from Ordinary Activities after tax (10-11)	26,271	14,499	21,015	87,885
13. Extraordinary items (net of tax expense)	-	-	-	-
14. Net Profit for the period (12-13)	26,271	14,499	21,015	87,885
15. Paid-up Equity Share Capital (Face value ₹ 2/- per Equity Share)	39,552	39,443	38,846	39,443
16. Reserves excluding Revaluation Reserve				1,181,080
17. Analytical Ratios				
(i) Percentage of shares held by Government of India	NIL	NIL	NIL	NIL
(ii) Capital Adequacy ratio (%)				
Under Basel III	14.50	14.70	15.28	14.70
(iii) Earnings per Share (EPS) (in ₹)				
(a) Basic EPS (before and after extra ordinary items)	1.33*	0.74*	1.21*	4.62
(b) Diluted EPS (before and after extra ordinary items)	1.32*	0.73*	1.19*	4.56
(iv) NPA Ratios				
a) Gross NPA	286,882	279,562	186,794	279,562
b) Net NPA	162,022	155,196	106,126	155,196
c) % of Gross NPA	3.00	3.00	2.42	3.00
d) % of Net NPA	1.72	1.69	1.39	1.69
(v) Return on Assets (%)	0.20*	0.11*	0.19*	0.75

* Not Annualised

Segment Information@

(₹ in Lakhs)

Particulars	Quarter ended			Year ended
	30.06.2018	31.03.2018	30.06.2017	31.03.2018
	Unaudited	Audited (Refer Note 12 below)	Unaudited	Audited
Segment Revenue:				
Treasury	62,296	60,888	63,776	239,556
Corporate/Wholesale Banking	112,799	103,194	90,641	378,695
Retail Banking	114,264	116,178	106,978	454,386
Other Banking operations	4,465	5,954	3,924	18,561
Unallocated	-	-	-	-
Total Revenue	293,824	286,214	265,319	1,091,198
Less: Inter Segment Revenue	-	-	-	-
Income from Operations	293,824	286,214	265,319	1,091,198
Segment Results (net of provisions):				
Treasury	9,796	(3,063)	12,740	25,650
Corporate/Wholesale Banking	1,914	(18,875)	(1,822)	(13,797)
Retail Banking	28,323	41,735	20,825	120,093
Other Banking operations	750	2,822	890	5,251
Unallocated	(406)	(915)	(492)	(2,811)
Profit before tax	40,377	21,704	32,141	134,386
Segment Assets				
Treasury	3,145,414	3,510,841	2,971,047	3,510,841
Corporate/Wholesale Banking	5,249,962	5,072,766	3,979,638	5,072,766
Retail Banking	4,593,053	4,539,627	4,040,982	4,539,627
Other Banking operations	1,184	533	3,000	533
Unallocated	678,484	707,628	648,897	707,628
Total	13,668,097	13,831,395	11,643,564	13,831,395
Segment Liabilities				
Treasury	2,981,393	3,348,514	2,778,773	3,348,514
Corporate/Wholesale Banking	5,005,327	4,849,217	3,792,853	4,849,217
Retail Banking	4,380,781	4,341,585	3,848,458	4,341,585
Other Banking operations	4	1	-	1
Unallocated	50,716	71,055	60,699	71,055
Total	12,418,221	12,610,372	10,480,783	12,610,372
Capital employed:				
(Segment Assets - Segment Liabilities)				
Treasury	164,021	162,327	192,274	162,327
Corporate/Wholesale Banking	244,635	223,549	186,785	223,549
Retail Banking	212,272	198,042	192,524	198,042
Other Banking operations	1,180	532	3,000	532
Unallocated	627,768	636,573	588,198	636,573
Total	1,249,876	1,221,023	1,162,781	1,221,023

@ 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:

- 1 The above Standalone Unaudited Financial Results for the quarter ended June 30, 2018 were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on July 17, 2018. These Results have been subjected to "Limited review" by the Statutory Central Auditors of the Bank and an unqualified review report has been issued.
- 2 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.
- 3 The Bank has followed the same significant accounting policies in the preparation of the interim financial results as those followed in the annual financial statements for the year ended March 31, 2018.
- 4 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 audit or review by the Statutory Central Auditors of the Bank.
- 5 The Business operations of the Bank are largely concentrated in India and for the purpose of Segmental reporting, the bank is considered to operate only in domestic segment, though the bank has its operations in International Finance Service Centre (IFSC) Banking Unit in Gujarat International Finance Tec-city (GIFT). The business conducted from the same is considered as a part of Indian operations.
- 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 on sale of investments (net), recoveries from advances written off etc.
- 7 During the quarter ended June 30, 2017, the Bank had issued 215,517,241 equity shares of ₹ 2 each for cash pursuant to a Qualified Institution Placement (QIP) as per the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations at ₹ 116.00 per share aggregating to ₹ 250,000 Lakhs (including share premium). This resulted in an increase of ₹ 4,310.35 Lakhs in Share Capital and ₹ 242,077.64 Lakhs (net of issue expenses) in Share premium account.
- 8 During the quarter ended June 30, 2018, the Bank has allotted 5,480,555 equity shares of ₹ 2 each, pursuant to the exercise of stock options by employees.
- 9 On marking to market its investments as at June 30, 2018 in Government Securities held under Available for Sale and Held for Trading category, the Bank has incurred net depreciation of ₹ 5,893.97 Lakhs. As permitted vide RBI Circular DBR.No.BP.BC.113/21.04.048/2017-18 dated June 15, 2018, the Bank has exercised the option of spreading the provision for such Marked to Market (MTM) losses equally over four quarters commencing from current quarter. Accordingly, during the quarter ended June 30, 2018, ₹ 1,473.49 Lakhs has been charged to the profit and loss account towards such MTM losses and the balance unamortised MTM Loss of ₹ 4,420.48 Lakhs has been carried forward, which shall be amortised in remaining quarters.
- 10 Ministry of Labour and Employment, Government of India on March 29, 2018 has enhanced the gratuity ceiling to an employee under Payment of Gratuity Act, 1972 to ₹ 20 Lakhs from earlier limit of ₹ 10 lakhs. This change has resulted to an incremental gratuity liability amounting to ₹ 7,143.90 lakhs. As per the RBI circular DBR.BP.9730/21.04.018/2017-18 dated April 27, 2018 the Bank has an option to spread the impact of change in gratuity ceiling over four quarters beginning with the quarter ended March 31, 2018. The Bank had availed the option to spread the incremental gratuity expenditure over four quarters beginning with the quarter ended March 31, 2018. Accordingly, during the quarter ended March 31, 2018 the Bank has charged to the profit and loss account an amount of ₹ 1,785.97 Lakhs and there was an unamortised gratuity expenditure of ₹ 5,357.93 Lakhs. Based on the correspondence with the Reserve Bank of India (RBI) during the quarter ended June 30, 2018, the Bank has charged to the profit and loss account the entire unamortised gratuity expenditure of ₹ 5,357.93 Lakhs.
- 11 Pursuant to Board approved policy on preparation of segment information, the Bank, with effect from quarter ended September 30, 2017, has revised the basis of preparation of segment information related to the allocation of RIDF deposits from Treasury segment to Corporate/Wholesale Banking and Retail Banking segments and allocation of provision related to advances on a direct identification basis for more appropriate presentation of the segment results. Figures for the previous periods have been regrouped / reclassified to conform to current period's classification. The impact of above regrouping / reclassification on segment results for the quarter ended June 30, 2017, is summarized in the table below:

(Decrease) / Increase	(₹ in Lakhs)	
	Standalone	
	Quarter ended	
	30.06.2017	
Treasury	(91)	
Corporate/Wholesale Banking	(4,818)	
Retail Banking	4,171	
Other Banking operations	738	
Unallocated	-	

The above regrouping / reclassification has no impact on the overall profit of the bank for the quarter ended June 30, 2018 or the previous periods/year.

- 12 The figures of the quarter ended March 31, 2018 are the balancing figures between the audited figures in respect of the full Financial Year upto March 31, 2018 and the unaudited published year to date figures upto December 31, 2017 being the date of the end of the third quarter of the financial year, which were subjected to Limited Review.
- 13 Previous period's / year's figures have been regrouped / reclassified, where necessary to conform to current period's classification.