

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

STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2018
(` in Lakhs)

Particulars	Quarter ended			Nine Months ended		Year ended
	31.12.2018	30.09.2018	31.12.2017	31.12.2018	31.12.2017	31.03.2018
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Interest earned (a)+(b)+(c)+(d)	295,441	276,492	250,120	838,671	720,489	975,286
(a) Interest/discount on advances/bills	238,662	221,051	194,097	667,657	558,772	753,878
(b) Income on investments	50,558	48,834	48,220	150,107	140,049	191,744
(c) Interest on balances with Reserve Bank of India and other inter bank funds	1,557	2,089	2,788	6,169	7,741	9,581
(d) Others	4,664	4,518	5,015	14,738	13,927	20,083
2. Other income	34,555	32,289	22,863	93,930	84,495	115,912
3. TOTAL INCOME (1+2)	329,996	308,781	272,983	932,601	804,984	1,091,198
4. Interest expended	187,712	174,245	155,120	530,689	455,530	617,005
5. Operating expenses (i)+(ii)	71,501	64,776	61,723	201,077	179,208	245,090
(i) Employees cost	35,366	30,893	30,047	100,761	91,166	124,247
(ii) Other operating expenses	36,135	33,883	31,676	100,316	88,042	120,843
6. TOTAL EXPENDITURE (4+5) (excluding provisions and contingencies)	259,213	239,021	216,843	731,766	634,738	862,095
7. OPERATING PROFIT (3-6) (Profit before provisions and contingencies)	70,783	69,760	56,140	200,835	170,246	229,103
8. Provisions (other than tax) and contingencies	19,012	28,882	16,243	67,809	57,564	94,717
9. Exceptional items	-	-	-	-	-	-
10. Profit from Ordinary Activities before tax (7-8-9)	51,771	40,878	39,897	133,026	112,682	134,386
11. Tax expense	18,408	14,274	13,896	46,788	39,296	46,501
12. Net Profit from Ordinary Activities after tax (10-11)	33,363	26,604	26,001	86,238	73,386	87,885
13. Extraordinary items (net of tax expense)	-	-	-	-	-	-
14. Net Profit for the period (12-13)	33,363	26,604	26,001	86,238	73,386	87,885
15. Paid-up Equity Share Capital (Face value ` 2/- per Equity Share)	39,678	39,612	39,327	39,678	39,327	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	NIL	NIL
(ii) Capital Adequacy ratio (%)						
Under Basel III	12.97	13.29	14.41	12.97	14.41	14.70
(iii) Earnings per Share (EPS) (in `)						
(a) Basic EPS (before and after extra ordinary items)	1.68*	1.34*	1.33*	4.36*	3.90*	4.62
(b) Diluted EPS (before and after extra ordinary items)	1.67*	1.33*	1.31*	4.33*	3.85*	4.56
(iv) NPA Ratios						
a) Gross NPA	336,123	318,453	216,119	336,123	216,119	279,562
b) Net NPA	181,729	179,629	115,668	181,729	115,668	155,196
c) % of Gross NPA	3.14	3.11	2.52	3.14	2.52	3.00
d) % of Net NPA	1.72	1.78	1.36	1.72	1.36	1.69
(v) Return on Assets (%)	0.23*	0.19*	0.22 *	0.62*	0.65 *	0.75

* Not Annualised

Segment Information@

(₹ in Lakhs)

Particulars	Quarter ended			Nine Months ended		Year ended
	31.12.2018	30.09.2018	31.12.2017	31.12.2018	31.12.2017	31.03.2018
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Segment Revenue:						
Treasury	64,236	61,715	56,206	188,247	178,668	239,556
Corporate/Wholesale Banking	130,916	118,582	90,703	362,297	275,501	378,695
Retail Banking	128,913	123,312	121,639	366,489	338,208	454,386
Other Banking operations	5,931	5,172	4,435	15,568	12,607	18,561
Unallocated	-	-	-	-	-	-
Total Revenue	329,996	308,781	272,983	932,601	804,984	1,091,198
Less: Inter Segment Revenue	-	-	-	-	-	-
Income from Operations	329,996	308,781	272,983	932,601	804,984	1,091,198
Segment Results (net of provisions):						
Treasury	16,870	3,468	5,071	30,134	28,713	25,650
Corporate/Wholesale Banking	4,728	4,999	495	11,641	5,078	(13,797)
Retail Banking	30,613	33,062	34,744	91,998	78,358	120,093
Other Banking operations	444	216	492	1,410	2,429	5,251
Unallocated	(884)	(867)	(905)	(2,157)	(1,896)	(2,811)
Profit before tax	51,771	40,878	39,897	133,026	112,682	134,386
Segment Assets						
Treasury	3,072,544	3,118,628	3,241,455	3,072,544	3,241,455	3,510,841
Corporate/Wholesale Banking	5,643,373	5,856,115	4,597,454	5,643,373	4,597,454	5,072,766
Retail Banking	5,395,943	4,680,773	4,309,837	5,395,943	4,309,837	4,539,627
Other Banking operations	2,057	1,965	757	2,057	757	533
Unallocated	864,000	783,415	672,567	864,000	672,567	707,628
Total	14,977,917	14,440,896	12,822,070	14,977,917	12,822,070	13,831,395
Segment Liabilities						
Treasury	2,923,393	3,005,316	3,022,847	2,923,393	3,022,847	3,348,514
Corporate/Wholesale Banking	5,471,439	5,626,533	4,410,665	5,471,439	4,410,665	4,849,217
Retail Banking	5,234,444	4,499,891	4,131,632	5,234,444	4,131,632	4,341,585
Other Banking operations	2	-	1	2	1	1
Unallocated	59,914	55,023	52,815	59,914	52,815	71,055
Total	13,689,192	13,186,763	11,617,960	13,689,192	11,617,960	12,610,372
Capital employed:						
(Segment Assets - Segment Liabilities)						
Treasury	149,151	113,312	218,608	149,151	218,608	162,327
Corporate/Wholesale Banking	171,934	229,582	186,789	171,934	186,789	223,549
Retail Banking	161,499	180,882	178,205	161,499	178,205	198,042
Other Banking operations	2,055	1,965	756	2,055	756	532
Unallocated	804,086	728,392	619,752	804,086	619,752	636,573
Total	1,288,725	1,254,133	1,204,110	1,288,725	1,204,110	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 and nine months ended December 31, 2018 were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on January 17, 2019. 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 Segment 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 and nine months ended December 31, 2018, the Bank has allotted 3,302,388 and 11,760,856 equity shares of ₹ 2 each, pursuant to the exercise of stock options by employees.
- 8 In terms of RBI Circular No.DBR.No.BP.BC.113/21.04.048/2017-18 dated June 15, 2018, the Bank had exercised the option of spreading the provision for depreciation on marking to market bank's investment in Government Securities held under AFS and HFT category. Accordingly, such provision for depreciation aggregating to ₹ 5,893.97 Lakhs as at June 30, 2018 was being amortised equally over four quarters. However, as on December 31, 2018, provision for depreciation towards marking such securities to market works out to ₹ 72.38 Lakhs only and accordingly, the Bank has carried forward unamortised depreciation of ₹ 36.19 Lakhs for amortisation in the quarter ending March 31, 2019.
- 9 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.No.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.
- 10 Previous period's / year's figures have been regrouped / reclassified, where necessary to conform to current period's classification.

Mumbai
January 17, 2019

SHYAM SRINIVASAN
MANAGING DIRECTOR & CEO
(DIN: 02274773)