

Secretarial Department

SD/ F 24/ /2017-18

28th April 2017

Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers,
Floor 25, Dalal Street,
MUMBAI – 400 001.

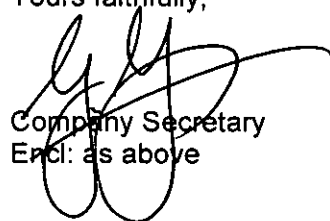
Dear Sir,

Sub: Outcome of the Board Meeting-SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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 Audited Financial Results of the Bank for the period ended 31st March, 2017, which was approved at the Bank's Board of Directors meeting held today. The Board of the Bank have also recommended the payment of final dividend @ Rs 0.90 per equity share i.e. 45 % on the equity shares of the Bank and the same will be payable after shareholders approval in the Annual General Meeting of the Bank.

Kindly acknowledge

Yours faithfully,


Company Secretary
Encl: as above



Secretarial Department

SD/ F 24/ /2017-18

28th April 2017

| | |
|--|--|
| The National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (E), <u>Mumbai – 400 051.</u> | Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Floor 25, Dalal Street, <u>MUMBAI – 400 001</u> |
|--|--|

Dear Sir,

Sub: Declaration pursuant to Regulation 33(3)(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 33(3)(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby confirm that the Auditors' Report on Audited Financial Results (Standalone and Consolidated) for the year ended March 31, 2017 approved at the Board Meeting held today i.e. April 28, 2017 is with unmodified opinion.

We request you to kindly take this in your record.

Regards,

For The Federal Bank Ltd.

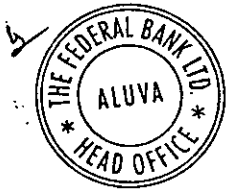

Company Secretary

THE FEDERAL BANK LIMITED
REGD.OFFICE: P.B.NO. 103, FEDERAL TOWERS, ALUVA-683101
(CIN: L65191KL1931PLC000368)
AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2017

(₹ In Lakhs)

| Particulars | Quarter ended | | | Year ended | | Consolidated figures for the year ended | |
|--|-------------------------------------|----------------|-------------------------------------|----------------|----------------|---|----------------|
| | 31.03.2017 | 31.12.2016 | 31.03.2016 | 31.03.2017 | 31.03.2016 | 31.03.2017 | 31.03.2016 |
| | Audited (Refer Note 12 below) | Unaudited | Audited (Refer Note 12 below) | Audited | Audited | Audited | Audited |
| 1. Interest earned (a)+(b)+(c)+(d) | 231,595 | 228,142 | 202,667 | 867,739 | 774,815 | 878,327 | 782,626 |
| (a) Interest/discount on advances/bills | 173,644 | 171,622 | 146,949 | 654,568 | 566,931 | 665,610 | 574,818 |
| (b) Income on investments | 48,382 | 45,122 | 45,996 | 180,140 | 176,309 | 179,686 | 176,233 |
| (c) Interest on balances with Reserve Bank of India and other inter bank funds | 3,598 | 3,494 | 725 | 9,893 | 5,596 | 9,893 | 5,596 |
| (d) Others | 5,971 | 7,904 | 8,997 | 23,138 | 25,979 | 23,138 | 25,979 |
| 2. Other Income | 28,211 | 27,467 | 23,627 | 108,181 | 80,820 | 108,377 | 80,837 |
| 3. TOTAL INCOME (1+2) | 259,806 | 255,609 | 226,294 | 975,920 | 855,635 | 986,704 | 863,463 |
| 4. Interest expended | 147,356 | 149,003 | 134,058 | 562,475 | 524,045 | 565,258 | 525,935 |
| 5. Operating expenses (i)+(ii) | 57,529 | 59,116 | 52,784 | 220,954 | 189,212 | 225,250 | 193,160 |
| (i) Employees cost | 26,303 | 31,972 | 29,304 | 116,375 | 105,285 | 118,934 | 107,422 |
| (ii) Other operating expenses | 31,226 | 27,144 | 23,480 | 104,579 | 83,927 | 106,316 | 85,738 |
| 6. TOTAL EXPENDITURE (4+5) (excluding provisions and contingencies) | 204,885 | 208,119 | 186,842 | 783,429 | 713,257 | 790,508 | 719,095 |
| 7. OPERATING PROFIT (3-6) (Profit before provisions and contingencies) | 54,921 | 47,490 | 39,452 | 192,491 | 142,378 | 196,196 | 144,368 |
| 8. Provisions (other than Tax) and Contingencies | 12,270 | 15,882 | 38,864 | 61,841 | 70,413 | 61,999 | 70,517 |
| 9. Exceptional Items | - | - | - | - | - | - | - |
| 10. Profit from Ordinary Activities before tax (7-8-9) | 42,651 | 31,608 | 588 | 130,650 | 71,965 | 134,197 | 73,851 |
| 11. Tax expense | 16,992 | 11,043 | (438) | 47,571 | 24,400 | 48,866 | 25,061 |
| 12. Net Profit from Ordinary Activities after tax (10-11) | 25,659 | 20,565 | 1,026 | 83,079 | 47,565 | 85,331 | 48,790 |
| 13. Extraordinary items (net of tax expense) | - | - | - | - | - | - | - |
| 14. Net Profit for the period (12-13) | 25,659 | 20,565 | 1,026 | 83,079 | 47,565 | 85,331 | 48,790 |
| 15. Share in Profit/(Loss) of Associate | | | | | | 1,355 | (148) |
| 16. Consolidated Net Profit of the group (14+15) | | | | | | 86,686 | 48,642 |
| 17. Paid-up Equity Share Capital (Face value ₹ 2/- per Equity Share) | 34,481 | 34,443 | 34,379 | 34,481 | 34,379 | 34,481 | 34,379 |
| 18. Reserves excluding Revaluation Reserve | | | | 859,256 | 774,242 | 860,155 | 771,533 |
| 19. Analytical Ratios | | | | | | | |
| (i) Percentage of shares held by Government of India | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| (ii) Capital Adequacy ratio (%) | | | | | | | |
| Under Basel III | 12.39 | 12.28 | 13.93 | 12.39 | 13.93 | - | - |
| (iii) Earnings per Share (EPS) (in ₹) | | | | | | | |
| (a) Basic EPS (before and after extra ordinary items) | 1.49* | 1.20* | 0.06* | 4.83 | 2.77 | 5.04 | 2.83 |
| (b) Diluted EPS (before and after extra ordinary items) | 1.46* | 1.18* | 0.06* | 4.76 | 2.75 | 4.96 | 2.82 |
| (iv) NPA Ratios | | | | | | | |
| a) Gross NPA | 172,705 | 195,155 | 166,777 | 172,705 | 166,777 | | |
| b) Net NPA | 94,120 | 110,237 | 95,001 | 94,120 | 95,001 | | |
| c) % of Gross NPA | 2.33 | 2.77 | 2.84 | 2.33 | 2.84 | | |
| d) % of Net NPA | 1.28 | 1.58 | 1.64 | 1.28 | 1.64 | | |
| (v) Return on Assets (%) | 0.24 * | 0.20 * | 0.01* | 0.84 | 0.57 | | |

* Not Annualised



Segment Information@

(₹ in Lakhs)

| Particulars | Quarter ended | | | Year ended | | Consolidated figures for the year ended | |
|--|----------------------------------|-------------------|----------------------------------|-------------------|------------------|---|------------------|
| | 31.03.2017 | 31.12.2016 | 31.03.2016 | 31.03.2017 | 31.03.2016 | 31.03.2017 | 31.03.2016 |
| | Audited (Refer Note 12 below) | Unaudited | Audited (Refer Note 12 below) | Audited | Audited | Audited | Audited |
| Segment Revenue: | | | | | | | |
| Treasury | 63,666 | 65,168 | 59,193 | 249,634 | 228,193 | 249,634 | 228,193 |
| Corporate/Wholesale Banking | 84,065 | 68,739 | 68,739 | 300,671 | 236,094 | 300,671 | 236,094 |
| Retail Banking | 107,372 | 116,437 | 92,787 | 410,350 | 380,964 | 421,134 | 388,792 |
| Other Banking operations | 4,703 | 5,265 | 6,612 | 15,265 | 10,384 | 15,265 | 10,384 |
| Unallocated | - | - | - | - | - | - | - |
| Total Revenue | 259,806 | 255,609 | 226,294 | 975,920 | 855,635 | 986,704 | 863,463 |
| Less: Inter Segment Revenue | - | - | - | - | - | - | - |
| Income from Operations | 259,806 | 255,609 | 226,294 | 975,920 | 855,635 | 986,704 | 863,463 |
| Segment Results (net of provisions): | | | | | | | |
| Treasury | 6,956 | 8,779 | 3,172 | 39,514 | 15,852 | 39,514 | 15,851 |
| Corporate/Wholesale Banking | 12,044 | 4,062 | (5,324) | 19,641 | 1,814 | 19,641 | 1,814 |
| Retail Banking | 23,211 | 17,222 | (2,062) | 68,799 | 49,459 | 72,346 | 51,345 |
| Other Banking operations | 1,256 | 2,386 | 5,532 | 5,603 | 7,385 | 5,603 | 7,385 |
| Unallocated | (816) | (841) | (730) | (2,907) | (2,545) | (2,907) | (2,544) |
| Profit before tax | 42,651 | 31,608 | 588 | 130,650 | 71,965 | 134,197 | 73,851 |
| Segment Assets | | | | | | | |
| Treasury | 3,900,028 | 3,813,929 | 3,334,198 | 3,900,028 | 3,334,198 | 3,896,880 | 3,329,695 |
| Corporate/Wholesale Banking | 3,138,461 | 3,400,648 | 2,483,667 | 3,138,461 | 2,483,667 | 3,138,461 | 2,483,667 |
| Retail Banking | 4,241,722 | 3,645,243 | 3,371,086 | 4,241,722 | 3,371,086 | 4,295,750 | 3,388,024 |
| Other Banking operations | 1,854 | 4,398 | 2,656 | 1,854 | 2,656 | 1,854 | 2,656 |
| Unallocated | 215,628 | 285,520 | 245,196 | 215,628 | 245,196 | 215,628 | 245,196 |
| Total | 11,497,693 | 11,149,738 | 9,436,803 | 11,497,693 | 9,436,803 | 11,548,573 | 9,449,238 |
| Segment Liabilities | | | | | | | |
| Treasury | 3,618,865 | 3,510,701 | 3,067,275 | 3,618,865 | 3,067,275 | 3,618,865 | 3,067,275 |
| Corporate/Wholesale Banking | 2,950,151 | 3,259,778 | 2,337,684 | 2,950,151 | 2,337,684 | 2,950,151 | 2,337,684 |
| Retail Banking | 3,992,625 | 3,500,018 | 3,178,818 | 3,992,625 | 3,178,818 | 4,042,607 | 3,193,963 |
| Other Banking operations | - | - | - | - | - | - | - |
| Unallocated | 41,814 | 11,396 | 43,904 | 41,814 | 43,904 | 41,814 | 43,904 |
| Total | 10,603,455 | 10,281,893 | 8,627,681 | 10,603,455 | 8,627,681 | 10,653,437 | 8,642,826 |
| Capital employed: (Segment Assets - Segment Liabilities) | | | | | | | |
| Treasury | 281,163 | 303,228 | 266,923 | 281,163 | 266,923 | 278,015 | 262,420 |
| Corporate/Wholesale Banking | 188,310 | 140,870 | 145,983 | 188,310 | 145,983 | 188,310 | 145,983 |
| Retail Banking | 249,097 | 145,225 | 192,268 | 249,097 | 192,268 | 253,143 | 194,061 |
| Other Banking operations | 1,854 | 4,398 | 2,656 | 1,854 | 2,656 | 1,854 | 2,656 |
| Unallocated | 173,814 | 274,124 | 201,292 | 173,814 | 201,292 | 173,814 | 201,292 |
| Total | 894,238 | 867,845 | 809,122 | 894,238 | 809,122 | 895,136 | 806,412 |

@ 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.

Statement of Assets and Liabilities of the bank as on March 31, 2017 is given below:

(₹ in Lakhs)


| Particulars | Standalone | | Consolidated | |
|---|---------------------|---------------------|---------------------|---------------------|
| | As at 31.03.2017 | As at 31.03.2016 | As at 31.03.2017 | As at 31.03.2016 |
| | Audited | Audited | Audited | Audited |
| CAPITAL AND LIABILITIES | | | | |
| Capital | 34,481 | 34,379 | 34,481 | 34,379 |
| Reserves and Surplus | 859,757 | 774,743 | 860,655 | 772,033 |
| Deposits | 9,766,456 | 7,917,171 | 9,766,208 | 7,917,090 |
| Borrowings | 589,732 | 511,456 | 634,549 | 523,632 |
| Other Liabilities and Provisions | 247,267 | 220,388 | 252,680 | 223,439 |
| Total | 11,497,693 | 9,458,137 | 11,548,573 | 9,470,573 |
| ASSETS | | | | |
| Cash and Balances with Reserve Bank of India | 457,657 | 377,454 | 457,827 | 377,696 |
| Balance with Banks and Money at Call and Short Notice | 287,560 | 164,527 | 287,637 | 164,618 |
| Investments | 2,819,609 | 2,515,549 | 2,791,226 | 2,492,047 |
| Advances | 7,333,627 | 5,809,014 | 7,408,623 | 5,841,977 |
| Fixed Assets | 48,947 | 51,998 | 49,234 | 52,364 |
| Other Assets | 550,293 | 539,595 | 554,026 | 541,871 |
| Total | 11,497,693 | 9,458,137 | 11,548,573 | 9,470,573 |

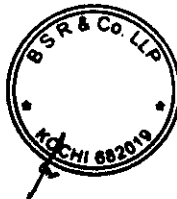
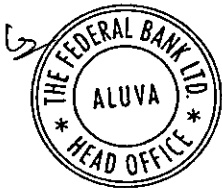


Notes:

- 1 The above Audited Financial Results for the quarter and year ended March 31, 2017 were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on April 28, 2017. These Results have been subjected to "Audit" by the Statutory Central Auditors of the Bank and an unqualified report has been issued by them.
- 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 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.
- 4 The divergence observed by RBI for the Financial year 2015-16 in respect of the Bank's asset classification and provisioning under the extant prudential norms on income recognition, asset classification and provisioning is insignificant and hence the disclosure in the Notes to the Audited Financial Statements for the year ended 31 March 2017, as required under RBI Circular DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017 on 'Divergence in the asset classification and provisioning', is not required to be made.
- 5 The Business operations of the Bank are largely concentrated in India and for purpose of Segmental reporting, the bank considered to operate only in domestic segment, though the bank has its operation 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.
- 7 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 and ₹ 8,673.16 Lakhs for the Quarter and year ended March 31,2017 respectively and there is no unamortised balance carried forward as on March 31, 2017.
- 8 During the quarter and year ended March 31,2017, the Bank allotted 19,02,809 and 50,98,570 equity shares respectively, pursuant to the exercise of stock options by certain employees.
- 9 Pursuant to RBI Circular FMRD.DIRD.10/14.03.002/2015-16 dated May 19, 2016, as amended, the bank has with effect from October 3, 2016 considered its repo/reverse repo transactions under Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) of RBI as Borrowings/Lendings, as the case may be. Hitherto, the repo/ reverse repo transactions were included under Investments. Figures for the previous periods have been regrouped / reclassified to conform to current period's classification. The above regrouping / reclassification has no impact on the profit of the bank for the quarter / year ended March 31, 2017 or the previous periods/year.
- 10 The Board of Directors have recommended a dividend of 45% i.e. ₹ 0.90/- per Equity Share on face value of ₹ 2/- each for the year 2016-17 (previous year 35% i.e. ₹ 0.70/- per Equity Share) subject to the approval of the members at the ensuing Annual General Meeting. In terms of revised Accounting Standard (AS) 4 "Contingencies and Events occurring after the Balance sheet date" as notified by the Ministry of Corporate affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Bank has not appropriated proposed dividend (including tax) aggregating to ₹ 18,675 Lakhs from the statement of Profit and loss account for the year ended March 31, 2017. However the effect of the proposed dividend has been reckoned in determining capital funds in the computation of Capital adequacy ratio as on March 31, 2017.
- 11 The figures for the periods prior to September 30, 2016 were reviewed / audited by previous statutory auditors.
- 12 The figures of the last quarter are the balancing figures between the audited figures in respect of the full financial year and the published year to date figures upto the end of third quarter of the respective financial year.
- 13 Previous period's / year's figures have been regrouped / reclassified, where necessary to conform to current period's classification.

Kochi
April 28, 2017


SHYAM SRINIVASAN
MANAGING DIRECTOR & CEO
(DIN: 02274773)



BSR & Co. LLP
Chartered Accountants
5th Floor, Lodha Excelus
Apollo Mills Compound
N.M. Joshi Marg, Mahalaxmi
Mumbai- 400 011

M.M. Nissim & Co.
Chartered Accountants
Barodawala Mansion, B-Wing,
3rd Floor, 81,
Dr. Annie Besant Road,
Worli, Mumbai- 400 018

Independent Auditors' Report

To the Board of Directors of The Federal Bank Limited

Report on the Standalone Financial Results

1. We have audited the accompanying Statement of Standalone Financial Results of The Federal Bank Limited ('the Bank') for the year ended 31 March 2017, attached herewith, being submitted by the Bank pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 ('the SEBI Regulations'). Further, disclosures relating to 'Pillar 3 under Basel III Capital Regulations' as have been disclosed on the Bank's website and in respect of which a link has been provided in the aforesaid financial results have not been audited by us. Attention is drawn to the fact that the figures for the quarter ended 31 March 2017 and the corresponding quarter ended in the previous year as reported in these financial results are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the end of the third quarter of the relevant financial year. Also the figures for each of the three quarters have only been reviewed and not been subjected to audit.

Management's Responsibility for the Standalone Financial Results

2. These standalone financial results have been prepared on the basis of the annual standalone financial statements and reviewed quarterly financial results which are the responsibility of the Bank's Management and approved by the Board of Directors in their meeting held on 28 April 2017. Our responsibility is to express an opinion on these financial results based on our audit of the annual financial statements, which have been prepared in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 along with the applicable accounting standards specified under Section 133 of the Companies Act, 2013 ('the Act'), read with rule 7 of the Companies (Accounts) Rules, 2014, and other accounting principles generally accepted in India, including, circulars and guidelines issued by Reserve Bank of India ('RBI') from time to time and in compliance with Regulation 33 of the SEBI Regulations.

Auditors' Responsibility

3. We conducted our audit in accordance with the Standards on Auditing ('the Standards') specified under Section 143(10) of the Act. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the standalone financial results are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by the management. We believe that our audit provides a reasonable basis for our opinion.



A handwritten signature in black ink, appearing to be 'A', located in the bottom right corner of the page.

BSR & Co. LLP
Chartered Accountants
5th Floor, Lodha Excelus
Apollo Mills Compound
N.M. Joshi Marg, Mahalaxmi
Mumbai- 400 011

M.M. Nissim & Co.
Chartered Accountants
Barodawala Mansion, B-Wing,
3rd Floor, 81,
Dr. Annie Besant Road,
Worli, Mumbai- 400 018

Independent Auditors' Report (Continued) **The Federal Bank Limited**

Opinion

4. In our opinion and to the best of our information and according to the explanations given to us, these financial results:
- are presented in accordance with the requirements of Regulation 33 of the SEBI Regulations in this regard; and
 - give a true and fair view of the net profit and other financial information of the Bank for the year ended 31 March 2017 in accordance with the framework as explained in paragraph 2 above.

Other Matters

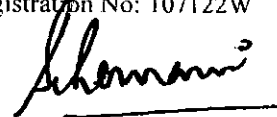
5. The annual standalone financial results of the Bank for the year ended 31 March 2016 were audited by pair of auditors who expressed an unmodified opinion on those statements on 30 April 2016.
6. The standalone financial results incorporate the relevant returns of 40 Branches and Treasury Branch audited by either of us and audited returns in respect of 1,231 branches audited by other branch auditors and unaudited return in respect of 1 branch. The Branches audited by us cover 46.50% of the advances portfolio (excluding outstanding of asset recovery branches and food credit advance) of the Bank and 28.36% of non-performing advances of the Bank. The unaudited branch accounts for 0.20% of advances and 2.64% of non-performing advances of the Bank.

For **BSR & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W / W-100022



Venkataramanan Vishwanath
Partner
Membership No: 113156
Mumbai
28 April 2017

For **M.M. Nissim & Co.**
Chartered Accountants
Firm's Registration No: 107122W



Sanjay Khemani
Partner
Membership No: 044577
Kochi
28 April 2017

B S R & Co. LLP
Chartered Accountants
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Independent Auditors' Report

To the Board of Directors of The Federal Bank Limited

Report on the Consolidated Financial Results


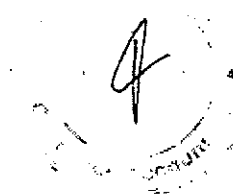
1. We have audited the accompanying Statement of Consolidated Financial Results of The Federal Bank Limited ('the Bank'), its subsidiary and associate for the year ended 31 March 2017 (the Bank, its subsidiary and its associate together referred to as 'the Group'), attached herewith, being submitted by the Bank pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 ('the SEBI Regulations'). Further, disclosures relating to 'Pillar 3 under Basel III Capital Regulations' as have been disclosed on the Bank's website and in respect of which a link has been provided in the aforesaid financial results have not been audited by us.

Management's Responsibility for the Consolidated Financial Results

2. These consolidated financial results have been prepared on the basis of the annual financial statements and reviewed quarterly financial results which are the responsibility of the Bank's Management and approved by the Board of Directors in their meeting held on 28 April 2017. Our responsibility is to express an opinion on these financial results based on our audit of the consolidated financial statements, which have been prepared in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 along with the applicable accounting standards specified under Section 133 of the Companies Act, 2013 ('the Act'), read with rule 7 of the Companies (Accounts) Rules, 2014, and other accounting principles generally accepted in India, including, circulars and guidelines issued by Reserve Bank of India ('RBI') from time to time and in compliance with Regulation 33 of the SEBI Regulations.

Auditors' Responsibility

3. We conducted our audit in accordance with the Standards on Auditing ('the Standards') specified under Section 143(10) of the Act. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial results are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by the management. We believe that our audit and the audit evidence obtained by the other auditors, in terms of their report referred to in the Other Matters paragraph below, provides a reasonable basis for our opinion.

B S R & Co. LLP
Chartered Accountants
5th Floor, Lodha Excelus
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3rd Floor, 81,
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Independent Auditors' Report (Continued) **The Federal Bank Limited**

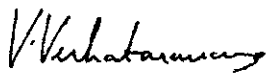
Opinion

4. In our opinion and to the best of our information and according to the explanations given to us, these consolidated financial results :
- includes the results of Fedbank Financial Services Limited ("the subsidiary") and proportionate share of IDBI-Federal Life Insurance Company Limited ("the associate").
 - are presented in accordance with the requirements of Regulation 33 of the SEBI Regulations in this regard; and
 - give a true and fair view of the net profit and other financial information of the Group for the year ended 31 March 2017 in accordance with the framework as explained in paragraph 2 above.

Other Matters

5. The consolidated financial results of the Group for the year ended 31 March 2016 were audited by pair of auditors who expressed an unmodified opinion on those statements on 30 April 2016.
6. The consolidated financial results incorporate the relevant returns of 40 Branches and Treasury Branch audited by either of us and audited returns in respect of 1,231 branches audited by other branch auditors and unaudited return in respect of 1 branch. The Branches audited by us cover 46.50% of the advances portfolio (excluding outstanding of asset recovery branches and food credit advance) of the Bank and 28.36% of non-performing advances of the Bank. The unaudited branch accounts for 0.20% of advances and 2.64% of non-performing advances of the Bank.
7. We did not audit the financial statements of the subsidiary included in the consolidated financial results, whose financial statements reflect total assets of Rs. 101,089 lakhs as at 31 March 2017, total revenues of Rs. 13,458 lakhs for the year ended 31 March 2017, as considered in the consolidated financial results. These financial statements have been audited by another auditor whose report has been furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, is based solely on the report of the other auditor.
8. The consolidated financial results also include the share of profit for the year of Rs. 1,355 lakhs for the year ended 31 March 2017, as considered in the consolidated financial results, in respect of an associate, based on its unaudited financial statements. Our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this associate, is based solely on such unaudited financial statements as certified by the Management of that associate. Our opinion on the Statement is not modified in respect of our reliance on the financial statements certified by the Management.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W / W-100022



Venkataramanan Vishwanath
Partner
Membership No: 113156
Mumbai
28 April 2017



For **M.M. Nissim & Co.**
Chartered Accountants
Firm's Registration No: 107122W



Sanjay Khemani
Partner
Membership No: 044577
Kochi
28 April 2017