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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 Unaudited Financial Results of **THE FEDERAL BANK LIMITED** ("the Bank") for the quarter and nine months ended 31st December, 2013 ("the Statement") being submitted by theBank pursuant to 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 Auditors 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 the 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, 56 branches have been reviewed by one of us and we have relied on the review reports in respect of returns including non-performing assets received from the branch auditors of 27 branches, specifically appointed for this purpose by the bank. These review reports cover 55 percent of the advances portfolio of the bank. Apart from these review reports, in the conduct of our review, 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 notified under the Companies Act, 1956 (which continued to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and other recognised accounting practices and policies, 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 issued 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.5 of the Statement regarding proportionate charge of pension liability of the bank amounting to ₹ 8.42 Crore and ₹ 25.26 Crore for the quarter and nine months ended 31st December, 2013 respectively and the balance unamortised liability of ₹42.10 Crore as at 31st December, 2013, pursuant to the exemption granted by the Reserve Bank of India and made applicable to the Bank vide letter no. DBOD No.BP.BC.15896 / 21.04.018 / 2010-11 dated April 8, 2011, from the application of the provisions of the Accounting Standard (AS) 15, Employee Benefits.

   Our conclusion is not qualified 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 and the particulars relating to investor complaints disclosed in the Statement,from the details furnished by the Registrars. The "Pillar 3 disclosures 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 also not been subjected to our review.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No.008072S)

M. Ramachandran
Partner
(Membership No.16399)

For **M P CHITALE & CO.**
Chartered Accountants
(Firm Registration No. 101851W)

Ulhas Chitale
Partner
(Membership No. 32292)

MUMBAI, 17 January, 2014.

THE FEDERAL BANK LIMITED

REGD.OFFICE: P.B.NO. 103, FEDERAL TOWERS, ALUVA-683101.

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER 2013

(₹ in Lakhs)

	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2013	30.09.2013	31.12.2012	31.12.2013	31.12.2012	31.03.2013
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Interest earned (a)+(b)+(c)+(d)	173,967	171,444	152,177	510,737	458,411	616,757
	(a) Interest/discount on advances/bills	126,622	126,486	115,091	377,314	346,724	463,566
	(b) Income on Investments	46,120	43,778	35,823	129,603	106,757	146,460
	(c) Interest on balances with Reserve Bank of India and other inter bank funds	1,054	1,112	1,148	3,490	4,097	5,636
	(d) Others	171	68	115	330	833	1,095
2	Other Income	15,625	14,340	20,385	51,544	46,759	66,444
3	**TOTAL INCOME (1+2)**	**189,592**	**185,784**	**172,562**	**562,281**	**505,170**	**683,201**
4	Interest expended	119,410	116,609	102,442	350,384	308,921	419,291
5	Operating Expenses (i)+(ii)	34,592	33,784	30,726	100,862	87,240	117,954
	(i) Employees Cost	17,670	17,043	16,349	52,064	47,531	62,646
	(ii) Other operating expenses	16,922	16,741	14,377	48,798	39,709	55,308
6	**TOTAL EXPENDITURE (4)+(5)** (excluding Provisions and Contingencies)	**154,002**	**150,393**	**133,168**	**451,246**	**396,161**	**537,245**
7	**OPERATING PROFIT (3-6)** (Profit before Provisions and Contingencies)	**35,590**	**35,391**	**39,394**	**111,035**	**109,009**	**145,956**
8	Provisions (other than Tax) and Contingencies	729	1,098	7,439	26,337	16,762	26,580
9	Exceptional Items	-	-	-	-	-	-
10	Profit from Ordinary Activities before tax (7-8-9)	34,861	34,293	31,955	84,698	92,247	119,376
11	Tax expense	11,848	11,712	10,877	28,538	30,624	35,559
12	**Net Profit from Ordinary Activities after tax**	**23,013**	**22,581**	**21,078**	**56,160**	**61,623**	**83,817**
13	Extraordinary items (net of tax expense)	-	-	-	-		-
14	**Net Profit for the period (12-13)**	**23,013**	**22,581**	**21,078**	**56,160**	**61,623**	**83,817**
15	Paid-up Equity Share Capital (Face value ₹ 2/- each) (Refer Note 3)	17,106	17,106	17,105	17,106	17,105	17,106
16	Reserves excluding Revaluation Reserve	-	-	-	-	-	618,839
17	Analytical Ratios						
	(i) Percentage of shares held by Government of India	NIL	NIL	NIL	NIL	NIL	NIL
	(ii) Capital Adequacy ratio (%)						
	(a) Under Basel II	NA	NA	14.92	NA	14.92	14.73
	(b) Under Basel III (Refer Note 6)	14.80	15.35	-	14.80	-	-
	(iii) Earnings per Share (EPS) (in ₹) (Refer Note 3)						
	(a) Basic and diluted EPS before Extra ordinary Items	2.69*	2.64*	2.46*	6.57*	7.21*	9.80
	(b) Basic and diluted EPS after Extra ordinary items	2.69*	2.64*	2.46*	6.57*	7.21*	9.80
	(iv) NPA Ratios						
	a) Gross NPA	120,089	146,600	156,398	120,089	156,398	155,401
	b) Net NPA	35,626	41,141	36,204	35,626	36,204	43,194
	c) % of Gross NPA	2.83	3.39	3.85	2.83	3.85	3.44
	d) % of Net NPA	0.86	0.98	0.92	0.86	0.92	0.98
	(v) Return on Assets (%)	0.33*	0.34*	0.34*	0.81*	1.02*	1.35
18	Public Shareholding:						
	Number of Shares (in Lakhs) (Refer Note 3)	8342.86	8342.35	8371.40	8342.86	8371.40	8384.40
	Percentage of shareholding #	97.54	97.54	97.88	97.54	97.88	98.03
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 which Global Depository Receipts issued.

THE FEDERAL BANK LTD. ALUVA

M. P. CHITALE & CO. CHARTERED ACCOUNTANTS

FOR IDENTIFICATION PURPOSES ONLY DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS KOCHI 682 016

Segment Information[@]

(₹ in Lakhs)

Particulars	Quarter ended			Nine months ended		Year ended
	31.12.2013	30.09.2013	31.12.2012	31.12.2013	31.12.2012	31.03.2013
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Segment Revenue:						
Treasury	53,380	49,106	47,521	155,862	131,732	181,360
Corporate/Wholesale Banking	58,489	59,132	48,825	175,606	166,349	216,973
Retail Banking	76,751	76,699	75,146	228,030	203,825	280,788
Other Banking operations	972	847	1,070	2,783	3,264	4,080
Unallocated	-	-	-	-	-	-
Total Revenue	**189,592**	**185,784**	**172,562**	**562,281**	**505,170**	**683,201**
Less: Inter Segment Revenue	-	-	-	-		-
Income from Operations	**189,592**	**185,784**	**172,562**	**562,281**	**505,170**	**683,201**
Segment Results (net of provisions):						
Treasury	537	1,729	11,521	12,987	21,776	29,047
Corporate/Wholesale Banking	17,123	12,909	7,361	25,075	25,222	26,114
Retail Banking	17,071	20,090	12,845	46,312	43,944	62,566
Other Banking operations	493	20	550	1,373	2,163	3,315
Unallocated	(363)	(455)	(322)	(1,049)	(858)	(1,666)
Profit before tax	**34,861**	**34,293**	**31,955**	**84,698**	**92,247**	**119,376**
Capital employed:						
Treasury	380,153	295,328	278,609	380,153	278,609	246,148
Corporate/Wholesale Banking	97,265	117,326	129,975	97,265	129,975	163,289
Retail Banking	123,993	137,544	142,174	123,993	142,174	168,548
Other Banking operations	1,492	1,580	20,469	1,492	20,469	6,928
Unallocated	84,339	117,848	61,031	84,339	61,031	51,553
Total	**687,242**	**669,626**	**632,258**	**687,242**	**632,258**	**636,466**

@ - 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 The above financial results, subjected to Limited Review by Statutory Central auditors, have been taken on record by the Audit Committee and approved by the Board of Directors at its meeting held on 17th January, 2014.

2 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 restructured advances has been made as per RBI guidelines.

3 Pursuant to the approval of the Shareholders at the 82nd Annual General Meeting held on 20th July 2013, the face value of each equity share of ₹ 10/- was sub-divided into 5 (Five) Equity Shares of ₹ 2/- each with effect from 19th October 2013. Accordingly, the number of shares and the Earnings Per Share of the previous periods have been restated to make the same comparable.

4 (a) The Bank has changed its policy on valuation of swap contracts against the overseas borrowings, by amortising the cost over the period of swap tenure, with effect from 01.04.2013, as against the earlier practice of writing back/writing off the mark-to-market gain or loss at the end of each reporting period. This change in policy does not have any financial impact over the full period of swap.

However, the impact of change in the policy on valuation and amortization as described above , is increase in the profit by ₹ 0.09 Crore for the quarter ended 31st December 2013 (decrease in the profit by ₹ 8.93 Crore for the nine months ended 31st December,2013). Had this policy been adopted in the previous year, the effect would have been decrease in profit by ₹ 0.37 Crore for the quarter ended 31st December 2012 (decrease in profit by ₹1.58 Crore for the nine months ended 30th December 2012) and decrease in profit by ₹1.49 Crore for the year ended 31 March, 2013.

4 (b) RBI has introduced a US Dollar-Rupee swap window for fresh FCNR (B) dollar funds, mobilised for tenors 3 years and above. The swaps done under this special window is at a concessional rate than the normal market rate. If the swaps done by the Bank under this special window are valued at MTM rates, there will be a gain of Rs.56.90 crore for the quarter. However, this gain will be reversed over the maturity period and hence as a measure of prudence the bank has not recognised the gain.

5 The Pension liability arising on exercise of second option by employees (other than separated/retired employees) is being amortized equally over a period of 5 years commencing from the year ended on 31.03.2011, and accordingly an amount of ₹25.26 Crore, being the proportionate liability in respect thereof, for the nine months ended 31.12.2013 (₹ 8.42 Crore for the quarter ended 31.12.2013) have been charged to Profit and Loss Account and the balance amount of ₹ 42.10 Crore yet to be written off is carried forward to be amortised in future periods as permitted by the Reserve Bank of India vide letter no. DBOD.No.BP.BC.15896/21.04.018/2010-11 dated 08.04.2011.

FEDERAL BANK LTD. ALUVA

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6 In terms of RBI circular DBOD.No.BP.BC.88/21.06.201/2012-13 dated 28.03.2013, banks have been advised to disclose capital ratios computed under Basel III Capital Regulations from the quarter ended 30th June 2013. Accordingly, corresponding details for previous period/year are not applicable.

7 RBI circular DBOD.No.BP.BC.2/21.06.201/2013-14 dated July 01, 2013 on Basel III Capital Regulations contains guidelines on certain Pillar 3 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 limited review by the statutory auditors of the bank.

8 In terms of RBI circular DBOD.BP.BC.No.41/21.04.141/2013-14 dated August 23, 2013 on "Investment portfolio of banks-Classification, Valuation and Provisioning", the Bank has opted to amortise the depreciation on the Available for Sale (AFS) and Held For Trading (HFT) portfolios on each of the valuation dates in the current financial year in equal installments during the financial year 2013-14. Accordingly, of the total depreciation of ₹119.54 Crore as at December 31, 2013, the Bank has recognized an amount of ₹ 50.85 Crore for the current quarter (₹ 68.31 Crore for the period ended December 31,2013) in the profit and loss account.

9 Number of Investor complaints received and disposed off during the quarter ended 31st December, 2013:

a) Pending at the beginning of the quarter	: NIL
b) Received during the quarter	: 19
c) Disposed off during the quarter	: 19
d) Pending at the end of the quarter	: NIL

10 Figures for the previous periods have been recast/regrouped wherever necessary.

SHYAM SRINIVASAN
MANAGING DIRECTOR & CEO

Mumbai
17th January, 2014

FEDERAL BANK LTD. ALUVA

M. P. CHITALE & CO. CHARTERED ACCOUNTANTS

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