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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 Standalone Unaudited Financial Results of **THE FEDERAL BANK LIMITED** ("the Bank") for the Quarter and half year ended 30th September, 2014 ("the Statement"), being submitted by the Bank pursuant to the requirement of 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 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 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, 87 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 12 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 specified under the Companies Act, 1956 (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) and other accounting principles generally accepted in India, 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.4 of the Statement regarding proportionate charge of pension liability of the bank amounting to Rs.842 Lakhs and Rs.1684 Lakhs for the quarter and half year ended 30th September, 2014 respectively and the balance unamortised liability of Rs.1684 Lakhs as at 30th September, 2014, 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 with the Stock Exchanges 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 not been subjected to our review.

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)



Ashutosh Pednekar
Partner
(Membership No. 041037)

MUMBAI, 16 October, 2014.

THE FEDERAL BANK LIMITED
REGD.OFFICE: P.B.NO. 103, FEDERAL TOWERS, ALUVA-683101
(CIN: L65191KL1931PLC000368)
STANDALONE UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER AND HALF YEAR ENDED 30th SEPTEMBER 2014

(₹ in Lakhs)

Particulars	Quarter ended			Half Year ended		Year ended
	30.09.2014	30.06.2014	30.09.2013	30.09.2014	30.09.2013	31.03.2014
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Interest earned (a)+(b)+(c)+(d)	186,958	177,150	171,444	364,108	336,770	694,608
(a) Interest/discount on advances/bills	136,294	129,987	126,486	266,281	250,692	501,108
(b) Income on Investments	45,276	45,819	43,778	91,095	83,483	177,683
(c) Interest on balances with Reserve Bank of India and other inter bank funds	2,327	1,251	1,112	3,578	2,436	5,236
(d) Others	3,061	93	68	3,154	159	10,581
2. Other Income	19,586	15,654	14,340	35,240	35,919	69,385
3. TOTAL INCOME (1+2)	206,544	192,804	185,784	399,348	372,689	763,993
4. Interest expended	126,378	120,728	116,609	247,106	230,974	471,747
5. Operating Expenses (I)+(II)	39,190	36,923	35,284	76,113	68,770	144,207
(I) Employees Cost	20,380	20,443	18,543	40,823	36,894	77,154
(II) Other operating expenses	18,810	16,480	16,741	35,290	31,876	67,053
6. TOTAL EXPENDITURE (4)+(5) (excluding Provisions and Contingencies)	165,568	157,651	151,893	323,219	299,744	615,954
7. OPERATING PROFIT (3-6) (Profit before Provisions and Contingencies)	40,976	35,153	33,891	76,129	72,945	148,039
8. Provisions (other than Tax) and Contingencies	4,571	2,208	(402)	6,779	23,108	26,840
P	-	-	-	-	-	-
10. Profit from Ordinary Activities before tax (7-8-9)	36,405	32,945	34,293	69,350	49,837	121,199
11. Tax expense	12,375	10,922	11,712	23,297	16,690	37,310
12. Net Profit from Ordinary Activities after tax (10-11)	24,030	22,023	22,581	46,053	33,147	83,889
13. Extraordinary items (net of tax expense)	-	-	-	-	-	-
14. Net Profit for the period (12-13)	24,030	22,023	22,581	46,053	33,147	83,869
15. Paid-up Equity Share Capital (Face value ₹ 2/- each)	17,111	17,107	17,106	17,111	17,106	17,106
16. Reserves excluding Revaluation Reserve						677,452
17. Analytical Ratios						
(i) Percentage of shares held by Government of India	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Capital Adequacy ratio (%)						
Unde. Basel III	14.45	15.16	15.35	14.45	15.35	15.14
(iii) Earnings per Share (EPS) (in ₹)						
(a) Basic and diluted EPS before Extra ordinary Items	2.81*	2.57*	2.64*	5.38*	3.88*	9.81
(b) Basic and diluted EPS after Extra ordinary Items	2.81*	2.57*	2.64*	5.38*	3.88*	9.81
(iv) NPA Ratios						
a) Gross NPA	103,105	101,643	146,600	103,105	146,600	108,741
b) Net NPA	31,850	30,389	41,141	31,850	41,141	32,156
c) % of Gross NPA	2.10	2.22	3.39	2.10	3.39	2.46
d) % of Net NPA	0.66	0.68	0.98	0.66	0.98	0.74
(v) Return on Assets (%)	0.32*	0.30*	0.34*	0.62*	0.49*	1.20
18. Public Shareholding:						
Number of Shares (in Lakhs)	8,383.51	8,365.62	8,342.35	8,383.51	8,342.35	8,342.86
Percentage of shareholding #	97.99	97.80	97.54	97.99	97.54	97.54
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.



Segment Information@							(₹ in Lakhs)
Particulars	Quarter ended			Half year ended		Year ended	
	30.09.2014	30.06.2014	30.09.2013	30.09.2014	30.09.2013	31.03.2014	
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	
Segment Revenue:							
Treasury	54,718	53,430	49,106	108,148	102,482	211,792	
Corporate/Wholesale Banking	60,409	55,626	59,132	116,035	117,117	223,340	
Retail Banking	86,356	82,931	76,699	169,287	151,279	314,658	
Other Banking operations	5,061	817	847	5,878	1,811	14,203	
Unallocated	-	-	-	-	-	-	
Total Revenue	206,544	192,804	185,784	399,348	372,689	763,993	
Less: Inter Segment Revenue	-	-	-	-	-	-	
Income from Operations	206,544	192,804	185,784	399,348	372,689	763,993	
Segment Results (net of provisions):							
Treasury	4,595	7,881	1,729	12,476	12,450	14,990	
Corporate/Wholesale Banking	12,763	12,503	12,909	25,266	7,952	29,162	
Retail Banking	14,791	12,445	20,090	27,236	29,241	66,346	
Other Banking operations	4,749	415	20	5,164	880	12,180	
Unallocated	(493)	(299)	(455)	(792)	(686)	(1,479)	
Profit before tax	36,405	32,945	34,293	69,350	49,837	121,199	
Capital employed:							
Treasury	278,726	274,704	273,367	278,726	273,367	262,520	
Corporate/Wholesale Banking	P	97,932	97,757	118,900	97,757	108,720	
Retail Banking	157,774	132,320	114,044	157,774	114,044	152,266	
Other Banking operations	1,037	1,430	1,580	1,037	1,580	1,539	
Unallocated	184,614	210,729	182,878	184,614	182,878	170,014	
Total	622,151	717,115	669,626	741,051	669,626	695,059	

@ 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 Statement of Assets and Liabilities of the bank as on 30th September, 2014 is given below:

Particulars	(₹ in Lakhs)	
	As at 30.09.2014 Unaudited	As at 30.09.2013 Unaudited
CAPITAL AND LIABILITIES		
Capital	17,111	17,106
Reserves and Surplus	723,940	652,520
Deposits	6,456,386	5,679,374
Borrowings	345,527	503,289
Other Liabilities and Provisions	294,279	271,326
Total	7,837,243	7,123,615
ASSETS		
Cash and Balances with Reserve Bank of India	317,890	327,202
Balance with Banks and Money at Call and Short Notice	180,918	87,964
Investments	2,271,157	2,279,358
Advances	4,846,614	4,222,006
Fixed Assets	42,959	39,540
Other Assets	177,705	167,545
Total	7,837,243	7,123,615

2 The above Standalone Unaudited 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 their meeting on 16th October, 2014.

3 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 standard assets including requirements for exposures to entities with Unhedged Foreign Currency Exposures and provision for restructured advances has been made as per RBI guidelines.

4 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 ₹ 1684 Lakhs, being the proportionate liability in respect thereof, for the half year ended 30.09.2014 (₹ 842 Lakhs for the quarter ended 30.09.2014) have been charged to Profit and Loss Account and the balance amount of ₹ 1684 lakhs is carried forward to be amortised during the ensuing quarters of the year as permitted by the Reserve Bank of India vide letter No. DBOD.BP.BC.15896/21.04.018/2010-11 dated 08th April, 2011.



5 RBI circular DBOD.No.BP.BC.6/21.06.201/2014-15 dated July 01, 2014 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 review by the statutory central auditors of the bank.

6 Number of Investor complaints received and disposed off during the quarter ended 30th September 2014:

a) Pending at the beginning of the quarter	: NIL
b) Received during the quarter	: 15
c) Disposed off during the quarter	: 15
d) Pending at the end of the quarter	: NIL

7 During the quarter ended 30th September 2014, the Bank had allotted 2,21,450 Shares (37,920 shares during the quarter ended 30th June, 2014) pursuant to the exercise of stock options by certain employees.

8 Previous period / year figures have been regrouped / reclassified, where necessary to conform to current period classification.

MUMBAI
16th OCTOBER 2014


SHYAM SRINIVASAN
MANAGING DIRECTOR & CEO
(DIN: 02274773)

