

UMAMAHESWARA RAO & CO.  
Chartered Accountants  
Hyderabad

R.SUBRAMANIAN AND COMPANY  
Chartered Accountants  
Chennai

PATRO & CO.  
Chartered Accountants  
Bhubaneswar

C.R.SAGDEO & CO.  
Chartered Accountants  
Nagpur

NAG & ASSOCIATES  
Chartered Accountants  
Kolkata

### Limited Review Report

To,  
The Board of Directors  
Andhra Bank

We have reviewed the accompanying statement of unaudited financial results of Andhra Bank for the quarter / period ended 31<sup>st</sup> December, 2013, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. 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 these unaudited financial statements based on our review.

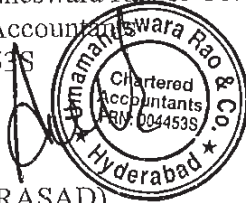
We conducted our review in accordance with Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The unaudited financial results incorporate the relevant returns of 20 branches reviewed by us, returns of 320 branches, 7 Extension Counters and 5 Service Centres reviewed by concurrent auditors and un-reviewed returns in respect of 23 Zonal Offices, 1618 Branches, 3 Extension Counters and 14 Service Centres. These reviewed returns cover 75.40% of the advances and 81.59% of Non-performing Assets of the bank. In conduct of our review, we have relied on the review returns received from concurrent auditors in respect of non-performing assets. Apart from these, we have also relied upon various un-reviewed returns received from other branches of the bank.



Based on our review conducted as above nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results, prepared in accordance with applicable accounting standards and other recognized accounting practices and policies, has not disclosed the information required to be disclosed, in terms of clause 41 of the Listing Agreement 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 Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

For Umamaheswara Rao & Co.  
Chartered Accountants  
FRN-004453S



(A SIVA PRASAD)  
Partner (M. No.213675)

For R.Subramanian and Company  
Chartered Accountants  
FRN-004137S



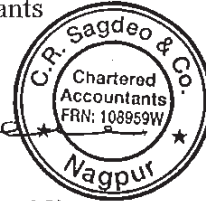
*R. Prakash*  
(R.PRAKASH)  
Partner (M. No.205869)

For Patro & Co.  
Chartered Accountants  
FRN-310100E



*Rajendra Patro*  
(RAJENDRA PATRO)  
Partner (M. No.019423)

For C.R.Sagdeo & Co.  
Chartered Accountants  
FRN-108959W



*Suman Bose*  
(SUMAN BOSE)  
Partner (M. No. 045239)

For Nag & Associates  
Chartered Accountants  
FRN-312063E



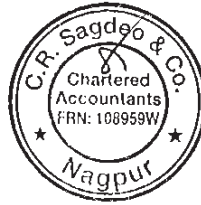
*Indranath Nag*  
(INDRANATH NAG)  
Partner (M. No. 050531)

Place: Hyderabad

Dated: 07-02-2014

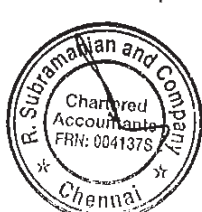
FINANCIAL RESULTS FOR THE QUARTER / NINE MONTHS ENDED 31<sup>ST</sup> DECEMBER, 2013

Sl. No.	PARTICULARS	₹ In Lacs					
		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
				REVIEWED			AUDITED
1	Interest Earned (a) + (b) + (c) + (d)	359764	359193	322941	1057605	954798	1290969
	(a) Interest / Discount on Advances/Bills	278650	283457	261128	834286	768248	1032705
	(b) Income on Investments	77623	73776	60135	216789	178162	247575
	(c) Interest on inter bank funds	3491	1960	1678	6530	6623	8924
	(d) Others	-	-	-	-	1765	1765
2	Other Income	30290	22564	23816	99622	69335	104742
3	Total Income (1+2)	390054	381757	346757	1167227	1024133	1395711
4	Interest Expended	272939	254655	225803	778850	674437	915267
5	Operating Expenses (i)+(ii)	64958	62818	49745	187318	144338	203721
	(i) Employees cost	41488	40109	31206	120112	90576	128698
	(ii) Other Operating expenses	23470	22709	18539	67206	53762	75023
6	Total Expenditure (4+5) (Excluding Provisions & Contingencies)	337897	317473	275548	966168	818775	1118988
7	Operating Profit (3-6) (Before Provisions & Contingencies)	52157	64284	71209	191059	205358	276723
8	Provisions (other than tax) and Contingencies	42800	50219	28500	131509	63103	99616
	Out of which provision towards non performing assets	33397	20041	14920	81052	42776	61512
9	Exceptional Items	-	-	-	-	-	-
10	Profit (+) / Loss (-) from ordinary activities before tax (7-8-9)	9357	14065	42709	59550	142255	177107
11	Tax expense	4800	7000	17000	24800	47800	48194
12	Net Profit (+) / Loss (-) from ordinary activities after tax (10-11)	4557	7065	25709	34750	94455	128913
13	Extraordinary items (net of tax expense)	-	-	-	-	-	-
14	Net Profit (+) / Loss (-) for the period (12-13)	4557	7065	25709	34750	94455	128913
15	Paid-up equity share capital (Face value of each share ₹ 10/-)	58961	55958	55958	58961	55958	55958
16	Reserves excluding Revaluation Reserves (as per balance sheet of previous accounting year)	788160	788160	691981	788160	691981	788160
17	Analytical Ratios						
	(i) Percentage of shares held by Government of India	60.14	58.00	58.00	60.14	58.00	58.00
	(ii) Capital Adequacy Ratio - BASEL-II (%)	11.17	11.50	11.86	11.17	11.86	11.78
	Capital Adequacy Ratio - BASEL-III (%)	11.04	11.42	N/A	11.04	N/A	N/A
	(iii) Earnings per share in ₹ (* not annualised)						
	Basic and Diluted EPS before/after Extraordinary items (net of tax expense)	*0.81	*1.26	*4.59	*6.20	*16.88	23.04
	(iv) NPA Ratios						
	a. Gross Non Performing Assets	569246	518720	330196	569246	330196	371449
	b. Net Non Performing Assets	365338	347735	202332	365338	202332	240918
	c. % of Gross NPAs	5.55	5.15	3.66	5.55	3.66	3.71
	d. % of Net NPAs	3.65	3.54	2.29	3.65	2.29	2.45
	(v) Return on Assets (Annualised) (%)	0.12	0.19	0.79	0.31	0.99	0.99
18	Public Shareholding						
	Number of Shares (in Lacs)	2350	2350	2350	2350	2350	2350
	Percentage of Shareholding	39.86	42.00	42.00	39.86	42.00	42.00
19	Promoters and Promoter Group Shareholding						
	(a) Pledged / Encumbered						
	Number of Shares						
	Percentage of Shares (as a % of the total shareholding of promoter and promoter group)						
	Percentage of Shares (as a % of the total share capital of the Bank)						
	(b) Non-encumbered						
	Number of Shares	354614903	324580364	324580364	354614903	324580364	324580364
	Percentage of Shares (as a % of the total shareholding of promoter)	100	100	100	100	100	100
	Percentage of Shares (as a % of the total share capital of the Bank)	60.14	58.00	58.00	60.14	58.00	58.00




## NOTES ON FINANCIAL RESULTS FOR THE QUARTER / NINE MONTHS ENDED 31<sup>ST</sup> DECEMBER 2013

1. The reviewed financial results for the quarter / nine months period ended 31<sup>st</sup> December, 2013 have been compiled as per clause 41 of the listing agreement with Stock Exchanges and have been prepared based on the same set of accounting policies and practices followed for the year ended 31<sup>st</sup> March, 2013.
2. During the period ended December 31, 2013 the Bank has shifted SLR Securities with a book value of ₹ 8164.59 crores from AFS to HTM category, by fully recognizing depreciation of ₹ 69.08 crores.
3. 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 equal installments during the financial year 2013-14. Accordingly, depreciation provision of ₹ 24.19 cr is being carried forward and to be charged during the last quarter of the current financial year.
4. The provision for standard and non-performing assets (NPA), depreciation on investments has been made on the basis of prudential norms issued by Reserve Bank of India (RBI) from time to time.
5. Provisions for taxation, employee benefits and other usual expenses have been made proportionately on estimated basis, subject to adjustment at the year end. Deferred tax liability/asset are being reckoned on annual basis.
6. An amount of ₹ 33.25 crore for the quarter and ₹ 99.75 crore for the nine months has been made on estimated basis towards additional liability on wage revision, pending negotiations and settlement.
7. In accordance with the provisions of Reserve Bank of India Circular no. DBOD.BP.BC.80/21.04.018/2010-11 dated 09<sup>th</sup> of February, 2011:
  - a) An amount of ₹ 8.25 crore has been charged during the quarter on proportionate basis towards additional liability of ₹ 165 crore (being amortised over 5 years beginning from FY 2010-11) on account of enhancement of gratuity limit under the Payment of Gratuity Act, 1972. The balance of ₹ 41.25 crore is being carried forward to be charged during future periods.
  - b) An amount of ₹ 23.42 crore has been charged during the quarter on proportionate basis towards additional liability of ₹ 468.31 crore (being amortised over 5 years beginning from FY 2010-11) on account of re-opening of pension option for existing employees who had not opted for pension earlier. The balance of ₹ 117.07 crore is being carried forward to be charged during future periods.
8. In terms of RBI circular DBOD.No.BP.BC.88/21.06.201/2012-13 dated March 28, 2013 banks have been advised to disclose capital ratios computed under Basel III Capital regulations from the quarter ended June 30, 2013. Hence, corresponding details for previous period/year are not applicable.
9. In accordance with RBI circular DBOD.No.BP.BC.2/21.06.201/2013-14 dated July 1, 2013, banks are required to make half yearly Pillar 3 disclosures under Basel III capital requirements with effect from 30<sup>th</sup> September, 2013. The disclosures are being made available on our website at the link <http://andhrabank.in/english/regulatory.aspx>. The disclosures have not been subjected to limited review by the Statutory Auditors of the Bank.
10. In terms of RBI circular no. DBOD.No.BP.BC.77/21.04.018/2013-14 dated December 20, 2013, the Bank has created deferred tax liability on outstanding balance of Special Reserve created under Section 36(1)(viii) of the Income Tax Act, 1961 as on March 31, 2013 to the tune of ₹ 263.42 crores out of revenue reserve.
11. Reconciliation of outstanding entries as at 31<sup>st</sup> December, 2013 in inter office transactions, transactions with other banks/ institutions, sundry accounts are in progress and in the opinion of the management, the impact of such reconciliation will not be material.
12. During the quarter under review, the Bank allotted 3,00,34,539 equity shares of ₹ 10 each at a premium of ₹ 56.59p. per share on 21.12.2013 to Government of India by way of preferential allotment of equity shares in respect of capital funds received to the tune of ₹ 200 crores approximately. As a result, during the quarter ended December 31, 2013, equity share capital of the Bank increased by ₹ 30.03 Crore to ₹ 589.61 Crore and share premium by ₹ 169.97 Crore to ₹ 1948.39 Crore. As a result percentage of shares held by Government of India increased to 60.14% from 58.00%.



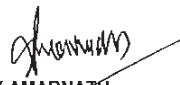
- 13 Bank has declared Interim Dividend @ Rs. 1.10p. per share (i.e. 11%) and paid on 31-01-2014.
- 14 Provision Coverage Ratio as at 31<sup>st</sup> December, 2013 stands at 45.84%.
- 15 Previous period figures have been regrouped / reclassified wherever necessary.

  
K.K.MISRA  
EXECUTIVE DIRECTOR

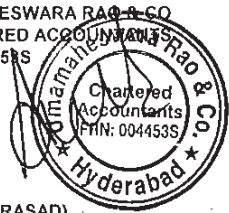
  
C.V.R. RAJENDRAN  
CHAIRMAN & MANAGING DIRECTOR

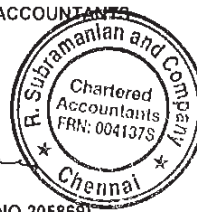
  
PANKAJ CHATURVEDI  
DIRECTOR


  
V. SATYANARAYANA  
CHIEF MANAGER

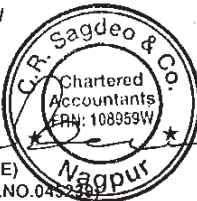
  
Y. AMARNATH  
DEPUTY GENERAL MANAGER


  
T.V.S. CHANDRASEKHAR  
GENERAL MANAGER

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PARTNER (M.NO.045239)

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(INDRANATH NAG)  
PARTNER (M. NO. 050534)

Place: Hyderabad  
Date: 07-02-2014