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PRESS RELEASE

FEDERAL BANK PROFIT SURGES BY 41%

Delivers Quarterly Net Profit of ₹ 202 Crore

Federal Bank, which is on an expansion spree, announced its unaudited financial results for the quarter ended 31.12.2011. It registered quarterly profits of ₹ 202 Crore. The Bank that has been working on its transformation and adopting contemporary management techniques, reported excellent numbers that reflect growth and quality. The Bank delivered substantial growth in top line and bottom line despite the challenging macro environment.

On course of its transformation, the Bank has consolidated its position as the most profitable Bank from Kerala, among its peers in the public and private space. The Bank intends to maintain and consolidate its leadership position by virtue of the growth journey it has embarked upon.

Performance for the quarter ended 31.12.2011 Vs quarter ended 31.12.2010

- Total income for Q3 grew by 40.33 % on a y-o-y basis to ₹ 1,604.76 Cr.
- Quarterly Net profit at ₹ 201.87 Cr, growth of 41.07 % on a y-o-y basis.
- Net Interest Margin (NIM) at 3.94 %
- Total Deposits increased by 26.63 % from ₹ 36913.53 Cr to ₹ 46742.46 Cr
- Advances increased by 17.59% from ₹ 28240.02Cr to ₹ 33206.07 Cr
- Investments increased by 41.82 % from ₹ 13146.84 Cr to ₹ 18644.60 Cr
- Net NPA is ₹ 243.64 Cr.
- Return on Average Assets improved from 1.30 to 1.41 %
- Earnings Per Share (annualized) improved from ₹ 33.47 to ₹ 47.21
- Book Value per share increased to ₹ 330.19
- Capital Adequacy Ratio at 15.91 %
- Return on Equity improved from 11.37 % to 14.56 %
- Cost to Income ratio at 37.13 %

WORKING RESULTS AT A GLANCE

(₹ in Crore)

	Q 3	Q 3	% y-o-y growth	9 M	9 M	% y-o-y growth
	2011 – 12	2010 – 11		2011 – 12	2010 – 11	
Interest Income	1466.83	1021.88	↑ 43.54 %	4079.37	2952.01	↑ 38.19 %
Other Income	137.93	121.69	↑ 13.34 %	371.79	375.62	↓ 1.02 %
Total Income	1604.76	1143.57	↑ 40.33 %	4451.16	3327.63	↑ 33.76 %
Net Interest Income	528.03	447.25	↑ 18.06 %	1462.19	1298.94	↑ 12.57 %
Operating Profit	418.72	356.71	↑ 17.39 %	1134.04	1077.03	↑ 5.29 %
Provisions (incl. Tax)	216.85	213.61	↑ 1.52 %	594.85	661.67	↓ 10.10 %
Net Profit	201.87	143.10	↑ 41.07 %	539.19	415.36	↑ 29.81 %

The total income for the third quarter went up by 40.33 % on a y-o-y basis to ₹ 1604.76 Cr from ₹ 1,143.57 Cr reported for corresponding period of the previous fiscal. The interest earned for the three months period ending December 31, 2011 increased by 43.54 % on a y-o-y basis to ₹ 1,466.83 Cr from ₹ 1,021.88 Cr as on 31.12.2011.

The Bank reported quarterly net profit for the quarter ended December 2011 of ₹ 201.87 Cr with y-o-y growth of 41.07%.

Net interest margin for the quarter stood at 3.94 %. The Net NPA, Return on Average Assets and Capital Adequacy Ratio were at 0.74%, 1.41% and 15.91% respectively as on 31.12.2011, compared to 0.81%, 1.30% and 16.42% as on 31.12.2010. The business per employee and profit per employee as on December 31, 2011 increased to ₹ 916 L and ₹ 9.28 L respectively from ₹ 796 L and ₹ 7.03 L as on December 31, 2010. The Cost to Income ratio decreased to 37.13 % as on 31.12.2011 from 37.30 % as on 31.12.2010

The Earning per Share (annualized), Book Value per share and Return on average Equity (RoE) for the quarter ended 31.12.2011 stood at ₹ 47.21, ₹ 330.19 and 14.56 % respectively as against ₹ 33.47, ₹ 298.53 and 11.37 % respectively as at December 31, 2010.

GROWTH IN BUSINESS

Total business of the Bank reached ₹ 79,948.53 Crore, showing an increase of 22.71 % on a y-o-y basis. Total deposits increased by 26.63 % from ₹ 36,913.53 Crore as on 31.12.2010 to ₹ 46,742.46 Crore as on 31.12.2011. NRI deposits clocked an increase of 35.41 % from December 2010, to reach ₹10546.26Cr. Retail deposits grew by 27.25% to touch ₹ 38678.16 Cr. CASA deposits grew by 21.97% to reach ₹13186.04 Cr.

Net Advances went up by 17.59 % to ₹ 33206.07 Crore as on 31st December 2011 from ₹ 28,240.02 Crore as on 31st December 2010. This growth was contributed by SME, corporate advances and retail segments. The retail advances of the Bank forms 28.77 % of the gross advances while SME contributes 28.75 %. The advance to priority sector was at ₹ 12,229.58 Cr as on 31st December 2011. Lending to Agriculture sector was at ₹ 4,172.76 Crore as on 31.12.2011, growing at 16.17%.

NET WORTH & CAPITAL ADEQUACY

The Net Worth of the Bank increased to ₹ 5,647.86 Cr as on 31.12.2011. The Capital Adequacy Ratio (CRAR) of the Bank, computed as per Basel II guidelines, stands at a very comfortable level of 15.91% as on 31.12.2011. The Tier-1 (core CRAR) capital is at 14.97%

ASSET QUALITY

The Bank's Gross NPA and Net NPA stand at 3.97 % and 0.74 % respectively as against 3.95 % and 0.81 % as at the end of December 2010. The total provisions held against non-performing advances, expressed as a percentage of gross NPAs amounted to 80.54 % at the end of the third quarter of FY 2011-12.

MAJOR FINANCIAL INDICATORS

(₹ in Crore)

Particulars	3 Months 31.12.2011	3 Months 31.12.2010	% Growth	Financial Year ended 31.03.2011
Income & Expenses				
Interest Income	1466.83	1021.88	43.54 %	4052.03
Other Income	137.93	121.69	13.34 %	516.81
Total Income	1604.76	1143.57	40.33 %	4568.84
Total Expenditure	1186.04	786.86	50.73 %	3141.59
Operating Profit	418.72	356.71	17.39 %	1427.25
Net Profit	201.87	143.10	41.07 %	587.08
Earnings Per Share (₹)	47.21	33.47	----	34.32
Business Figures	As on 31.12.2011		As on 31.12.2010	Growth
Total Deposits	46742		36914	26.63 %
SB & Demand Deposits	13396		10939	22.46%
Term Deposits	33346		25975	28.38 %
Net Advances	33206		28240	17.59 %
Retail Advances	9870		8943	10.37 %
Investments	18645		13147	41.82 %
Gross NPA (%)	3.97 %		3.95 %	
Net NPA (%)	0.74 %		0.81 %	
Capital				
Equity Capital	171.05		171.03	
Net Worth	5648		5106	10.62 %
Capital Adequacy Ratio	15.91%		16.42 %	
Tier 1	14.97 %		15.20 %	
Tier 2	0.94 %		1.22 %	

CUSTOMER TOUCHPOINTS

As on 31/12/2011, the Bank had 835 branches and 891 ATMs. The Bank has plans to expand rapidly by opening more branches and ATMs during the current quarter and beyond. Bulk of the expansion will be in the 5 states identified by the Bank for organic growth.

NEW INITIATIVE

The Bank launched a consumer reward program titled 'Utsav' to reward its customers on use of Bank's debit card for spends over POS terminals/ Payment gateways. The customers can redeem the accumulated points against merchandise and for buying movie/ bus/ air tickets.

AWARDS

The Bank won the international ACI Excellence Awards 2012 in the Payments Transformation category for two of the projects, VISA Fast Funds using VISA debit cards and Bank's Aadhaar (UID) based Authentication for Payments.

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