

Investor Information

FEDERAL BANK
YOUR PERFECT BANKING PARTNER

Q4 FY 2018



Key Messages

FEDERAL BANK
YOUR PERFECT BANKING PARTNER

- ❑ Credit Growth Momentum Continues. Blended Y-o-Y Growth rate of 26%

- ❑ All Business segments- Corporate, SME & Retail- grew by 5% plus sequentially.

- ❑ Market Share in Advances increases to 1.06%. Up by 13bps Y-o-Y

- ❑ Market Share in deposits increases to 0.95%. Up by 4bps Y-o-Y

- ❑ Highest quarterly operating profit @ 589Cr.

- ❑ NII grows 11% Y-o-Y to reach 933Cr.

Granular Liability Franchise:

- ❑ Retail deposits at 94% of total deposits

- ❑ CASA Ratio at 33.26%

- ❑ NR continues to exhibit strong growth

**Total Business
Crosses
2Lakh Crore**

- ❑ Percentage of Accounts opened through digital channels at 62% in Q4 FY18.

- ❑ Launched Cross-border remittance using Blockchain

- ❑ Mobile banking clocks 80% growth in Transaction Volume Y-o-Y

- ❑ Accelerated NPA recognition from restructured standard book driven by the revised framework for resolution of stressed assets

- ❑ 44% reduction in Restructured std book.

- ❑ Stressed book to total Avg assets ratio fell by 20 % to touch 2.28%.

- ❑ Recovery/ upgrades @ Rs 239cr is the highest in any quarter.

- ❑ Acquired stake in Equirus Capital - a boutique investment firm.(Pending regulatory approval)

- ❑ Specialist recruits for Treasury Sales & Government Business

- ❑ Exclusive tie-up with Government of Kerala for E- Treasury service through payment gateway

- ❑ Balance Sheet grows by 18% Y-o-Y (Rs1.38L Cr)

- ❑ Total business grows by 19% Y-o-Y (Rs.2.05L Cr)

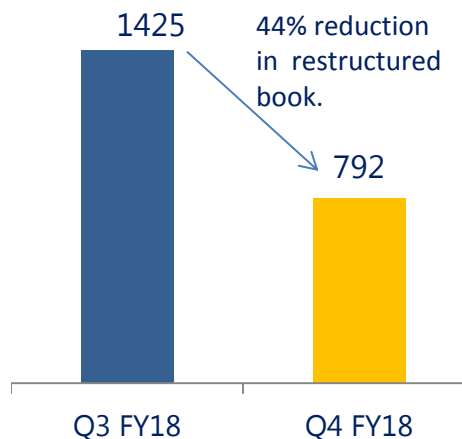
- ❑ CRAR at 14.70 %



Q4 FY18: Take Aways

- Robust growth in both Assets (26%) & Liabilities (15%)
- Growth broad based across products, segments & geographies. (Retail + SME form around 60% of the loan book).
- Fee income grows @ 11% Y-o-Y. New streams of other income in place.
- Five pillar Business architecture delivers 5% plus sequential growth in all asset segment.
- Granular Liability profile proves to be a consistent strength of the bank.
- Dominance in NR space continues.
- Intensified & institutionalized cross sell capability nudges up PPC.
- Strong CRAR (14.70%) to aid future growth & plans of the bank.
- Fast paced transition to fully digital bank.
- Accelerated NPA recognition impacts key metrics.

Accelerated recognition Impact



	Q4 FY 18	Contraction on account of accelerated recognition
NII	933	31 Cr
NIM	3.11	10 bps
PAT	145	119 Cr

- Slippages primarily due to 7 large exposures in the restructured standard book.
- Significant part of impact in the restructured standard book driven by new norms on stressed assets.
- Consequently restructured std book comes down to 792 Cr. This further brings stressed book to 2.28% of total avg assets.
- Majority of slippages mainly from Infra/Power/Roadways which are primarily of 6+ years vintage. No large slippage from recent underwriting.



Performance Highlights Y-o-Y

Retail (inc Agri)	20 %	↑	Period	12 Month	3Month
SME Advance	19 %	↑	NII	17 %	↑ 11 %
Corporate Business	36 %	↑	Core Fee Income	15 %	↑ 12 %
Total Advance	26 %	↑	Operating Profit	19 %	↑ 7 %
Retail Deposit	14 %	↑	NIM	@ 3.21	@ 3.11
CASA	17 %	↑	Capital Adequacy (CRAR)	14.70	
			Provision Coverage Ratio	@ 65 %	



Comparison : Y-o-Y (3 M)

Advances

Retail+Agri



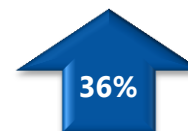
29307→35065

SME*



16361→19438

Corporate*



28423→38670

Total Advances



74091→93173

Deposits

CASA



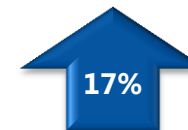
31838→37252

CASA Ratio



32.60→33.26

NRE Deposits



36407→42586

Retail Deposits



91885→104928

Performance

Net Interest Income



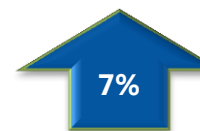
842→933

Core Fee Income



212→238

Operating Profit



549→589

Net Profit



257→145

Ratios

Cost Income ratio



51.16→52.82

Gross NPA%



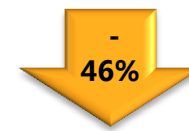
2.33→3.00

Net NPA%



1.28→1.69

Profit Per Employee



8.87→4.82(in Lacs)

* Credit segments are realigned at the beginning of every FY.



Comparison : Q-o-Q (Sequential)

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Advances

Retail+Agri



33064→35065

SME



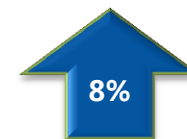
18493→19438

Corporate



34364→38670

Total Advances



85922→93173

Deposits

CASA



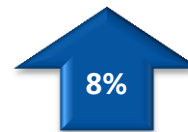
33141→37252

CASA Ratio



32.96→33.26

NRE Deposits



39431→42586

Retail Deposits



96576→104928

Performance

Net Interest Income



950→933

Core Fee Income



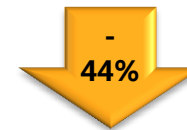
193→238

Operating Profit



561→589

Net Profit



260→145

Ratios

Cost Income ratio



52.37→52.82

Gross NPA%



2.52→3.00

Net NPA%



1.36→1.69

Profit per Employee



8.75→4.82 (in lacs)

Shareholder Value

Book Value
(Per Share in ₹)

Q4 FY18

Q3 FY18

Q2 FY18

Q1 FY18

Q4 FY17

61.55

60.80

59.59

59.42

51.43

EPS

2.98

5.32

5.35

4.34

6.04

Granularity

CASA + Deposits <1
Cr
(% of Total Deposits)

88%

92%

90%

92%

89%

Profitability

ROA

0.46

0.87

0.94

0.77

0.96

RoRWA

0.77

1.40

1.45

1.23

1.56

ROE

4.88

8.74

9.02

8.26

11.92

Efficiency

Cost/Income

52.82

52.37

50.83

50.62

51.16

Net NPA%

1.69

1.36

1.32

1.39

1.28



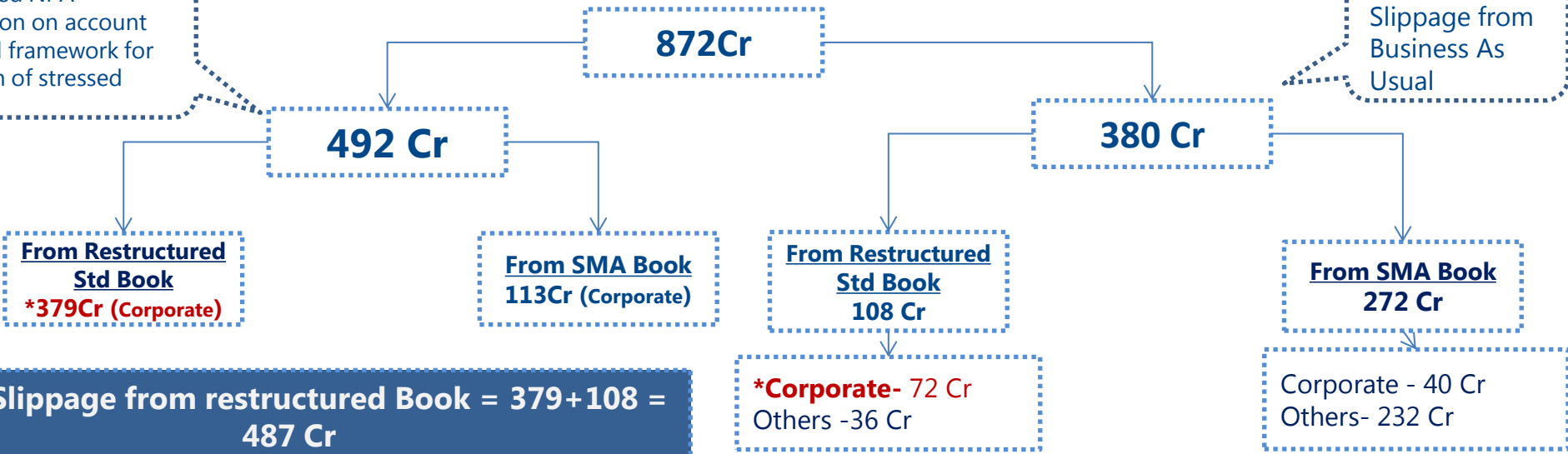
Fresh Slippages Break up

Fresh Slippages					
	Q4 FY18	Q3 FY18	Q2 FY18	Q1 FY18	Q4 FY17
Retail	70	150	106	97	55
Agri	56	42	51	45	30
SME	142	122	107	114	122
Corporate	604*	98	20	169	37
* Of 604 Cr, 451Cr pertains to recognition from restructured books primarily of 6+ years vintage.					
Total	872	411	284	425	244

Restructured				
TYPE	Q4 FY18		Q3 FY18	
	Balance	Of which Bonds	Balance	Of which Bonds
STANDARD	792	131	1425	157
Gross NPA	643	53	186	72
Net NPA	594	53	158	72
TOTAL	1386	184	1583	229

Accelerated NPA
Recognition on account
of revised framework for
resolution of stressed
assets

Normal
Slippage from
Business As
Usual

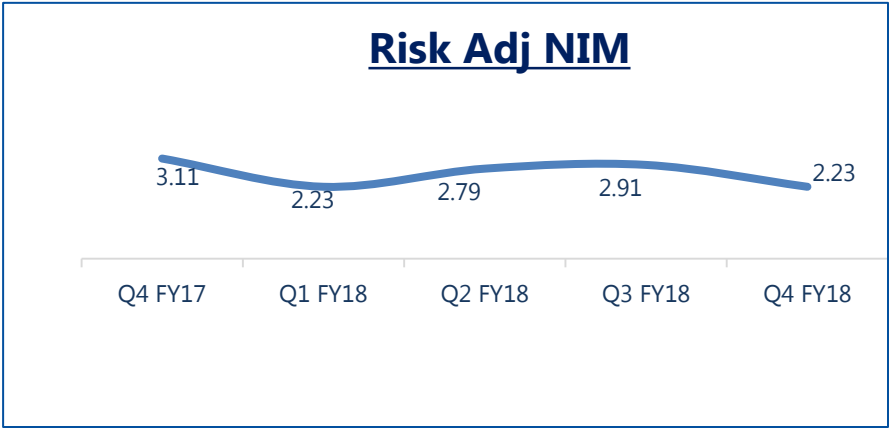
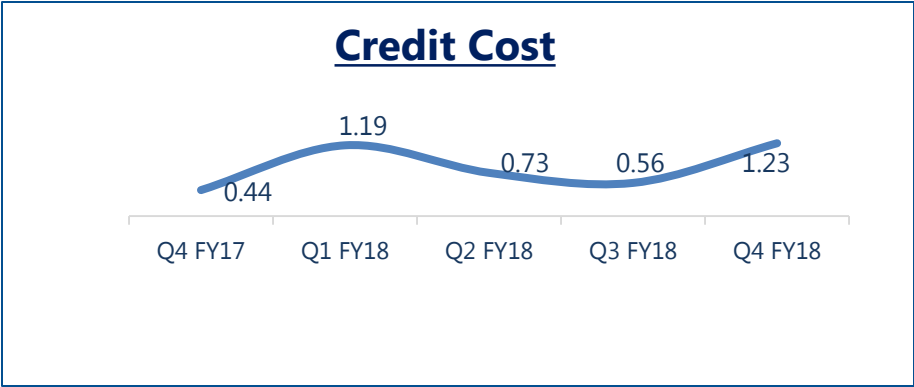




(Rs. in Cr)

NPA Composition		Q4 FY18	Q3 FY18
Business	NPA	NPA	
Gross NPA	Retail	527	569
	Agri	291	266
	SME	1134	1057
	Corporate	843	269
	Total	2796	2161
Net NPA		1552	1157

Security Receipts		
	Q4 FY18	Q3 FY18
Face Value	835	1090
Book Value	726	870





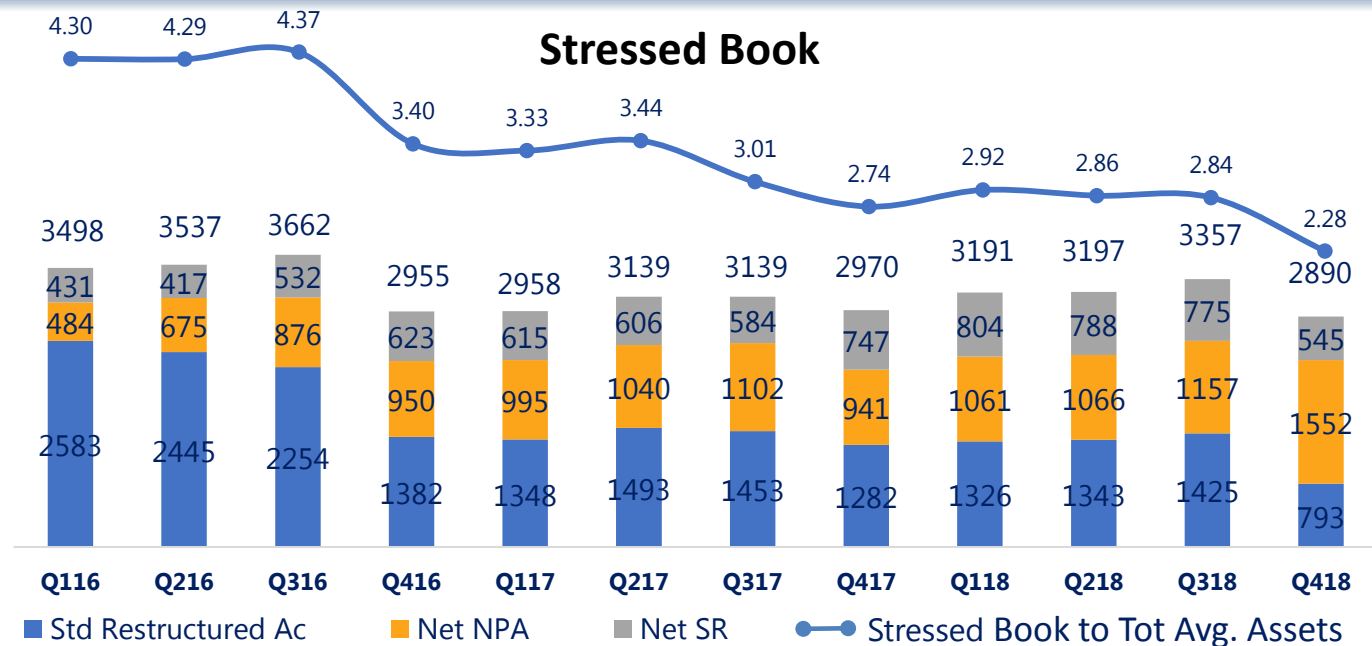
Asset Quality Drill-Down

Accelerated NPA recognition from restructured standard book driven by the revised framework for resolution of stressed asset

At 2.28% of Tot. Avg. Assets, the Stressed Book is the lowest in Q4 in last twelve quarters despite consistent growth in Advances/ Assets

Net Security Receipts portfolio down by 30%

Recovery/ upgrades @ Rs 239cr is the highest in any quarter.



Movement of NPA

Amt in Rs.Cr.

Gross NPA as on 31.12.2017	2161.19
Add Fresh Slippage	+ 871.89
Add Increase in Balances in Existing NPAs	+ 19.82
Deduct Recoveries/ Upgrades	- 238.84
Deduct Written Off	- 14.15
Deduct Sale to ARCs	- 4.29
Gross NPA as on 31.03.2018	2795.62

MARGIN



Five Pillar Business Architecture to bring in better focus and competitiveness viz. | Corporate & Institutional banking | Commercial Banking | Business Banking | Rural & Micro | Retail



Prudent churning of Business Mix so as to ensure that better priced products occupy better share. Special watch set up to observe, intervene and correct the business-mix mid-course.



Smarter pricing of Loan products (commensurate with risk and resources) so as to ensure that interest income growth pips loan book growth



RM model is gaining traction in all segments of their presence. Increased focus on Mid-Market and deeper geographies.



Special Focus on Retail Unsecured

RECOVERY AND COLLECTIONS

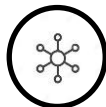


Strengthened Recovery capability through Regional satellite recovery teams under the direct control of corporate office

FEE



Reinforce Fee Income Streams - Foray into Investment Banking - stake in Equirus Capital – to aid Fee Income growth through Portfolio Management, Wealth Management etc.



Central Transaction Banking capability to strengthen efficiencies in the areas of Trade, Transaction and Treasury, thereby improving Fee and containing costs.



Specialist recruits in the area of Treasury sales and Government Business – To enhance Fee Income and CASA



Strategic Investor in Fedfina to bring expertise thereby strengthening other income source.

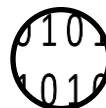
EFFICIENCY



Maintaining the CD ratio in the vicinity of 82 - 84%, while growing Deposits robustly



Continue exercising tight control on controllable costs so as to rein in Cost to Income to 50%



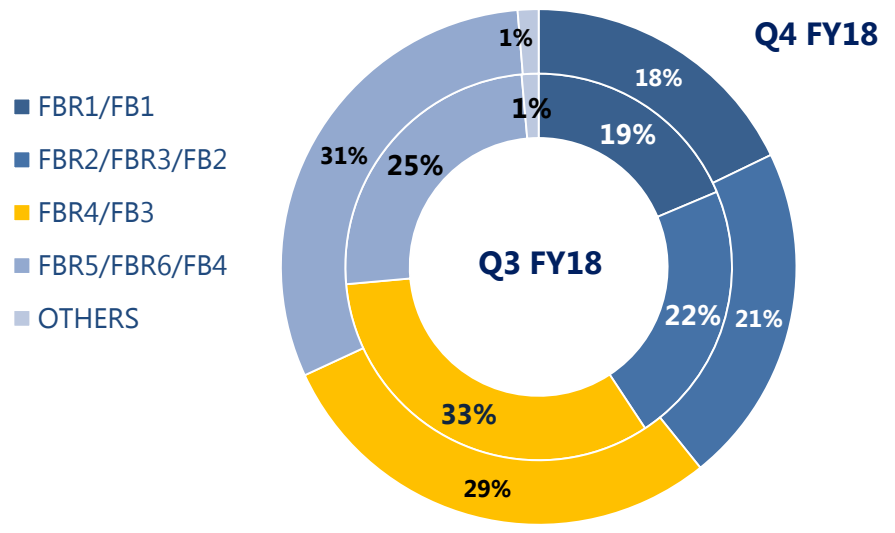
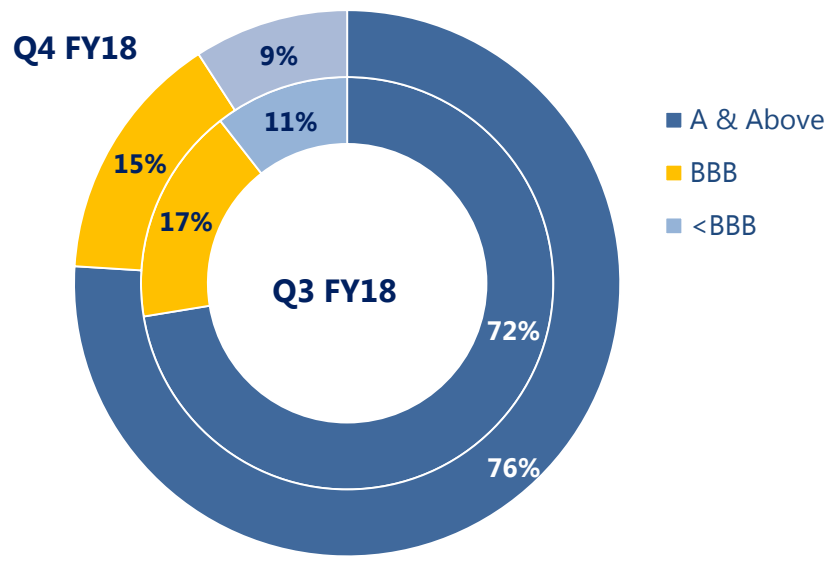
Systematic conversion of customers to digital mode of transactions through continuous evangelisation. Presently at 63%.



Subsidiary for Operations Back Office to curb costs



Risk Rating



Wholesale Assets

Rating	Q4 FY-18	Q3 FY-18
A & above	76%	72%
BBB	15%	17%
< BBB	9%	11%

Other Assets

Rating		Q4 FY-18	Q3 FY-18
FBR1	FB1	18%	19%
FBR2/FBR3	FB2	21%	22%
FBR4	FB3	29%	33%
FBR5/FBR6	FB4	31%	25%
Others		1%	1%



Digital share

63% Digital Transactions

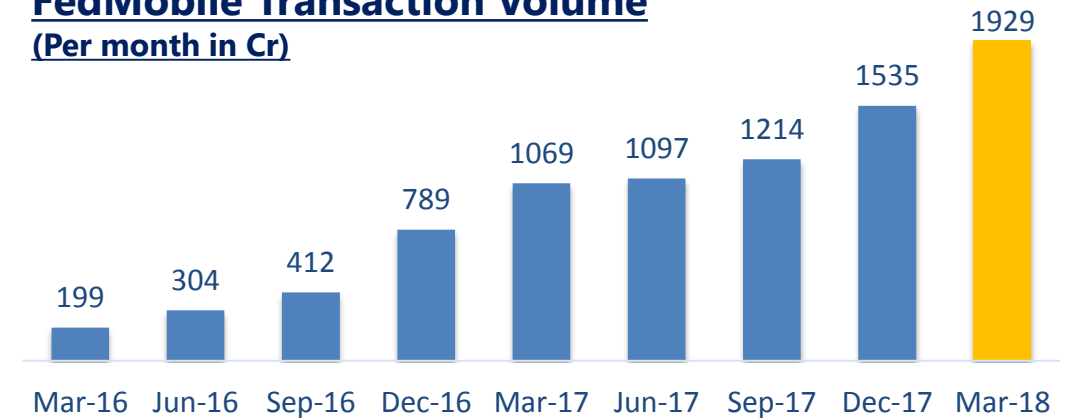
62% New Savings Accounts

40% of Retail Personal Loans

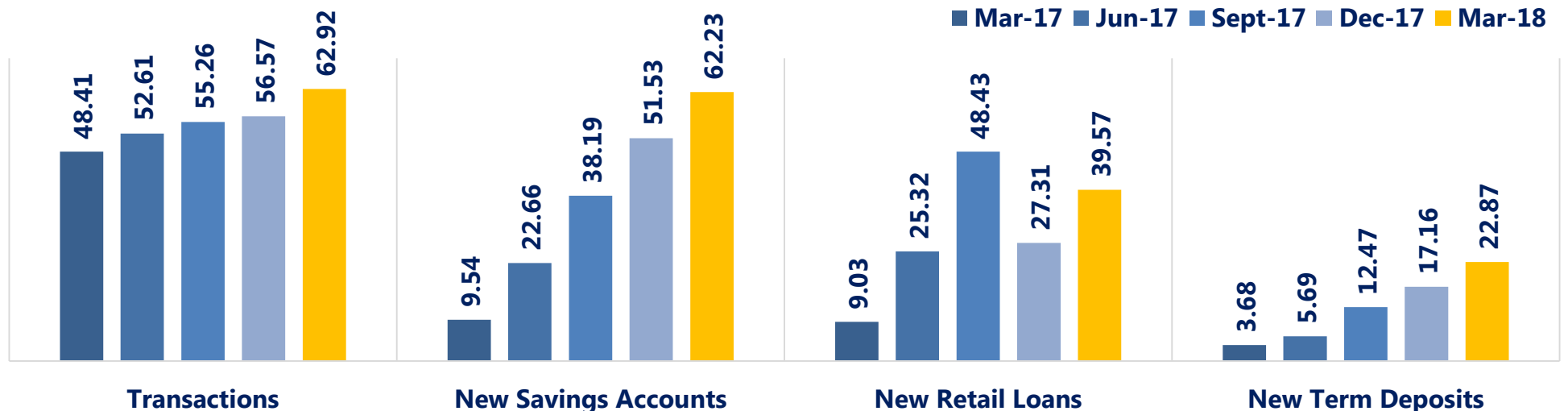
23% of New Term Deposits

FedMobile Transaction Volume

(Per month in Cr)

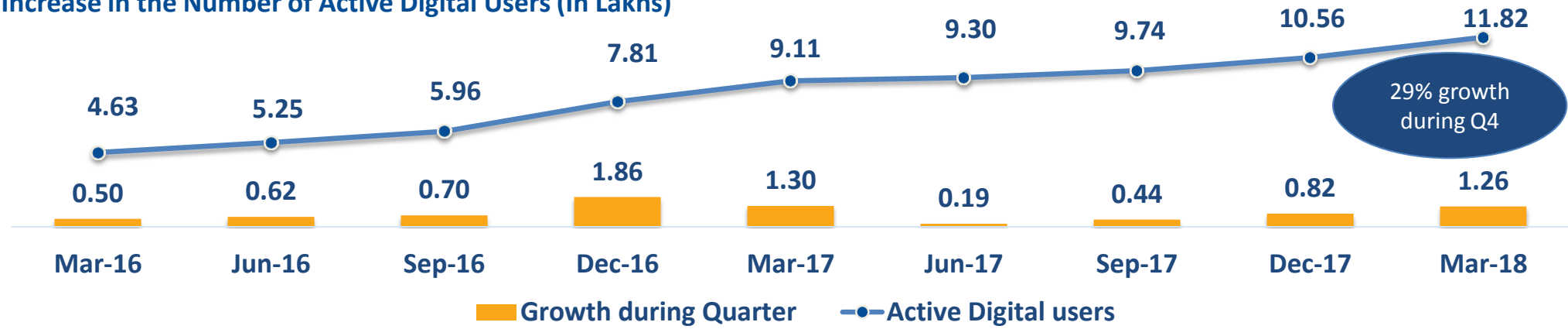


5 Lakh active customers in Mobile Platform
80 % growth in transaction volume





Increase in the Number of Active Digital Users (In Lakhs)



FASTag - Bank has commenced issuing FASTag for Electronic Toll Collection.

•Empowering merchants for cashless sales using **BHARAT QR**

INSTANT ACCOUNT – Online portal for branches enabled for all branches.

Savings account opening facility, at customer location instantly – **TAB BANKING**

•Tie up with Airtel Seynse to finance purchase of Samsung handsets- **AIRTEL SEYNSE**

•**BSNL** – Enabled BSNL for UPI based online bill collections.

Portal for merchants gain popularity for bulk upload of payments - **PAYLITE**



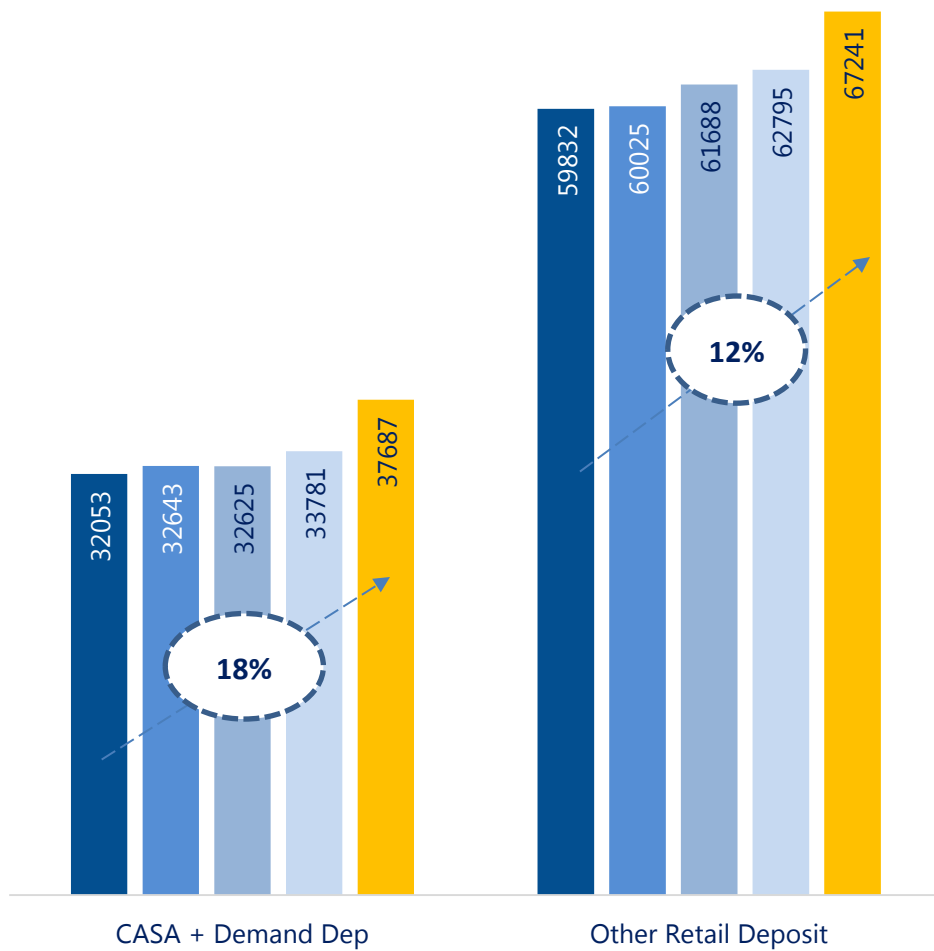
Business Parameters



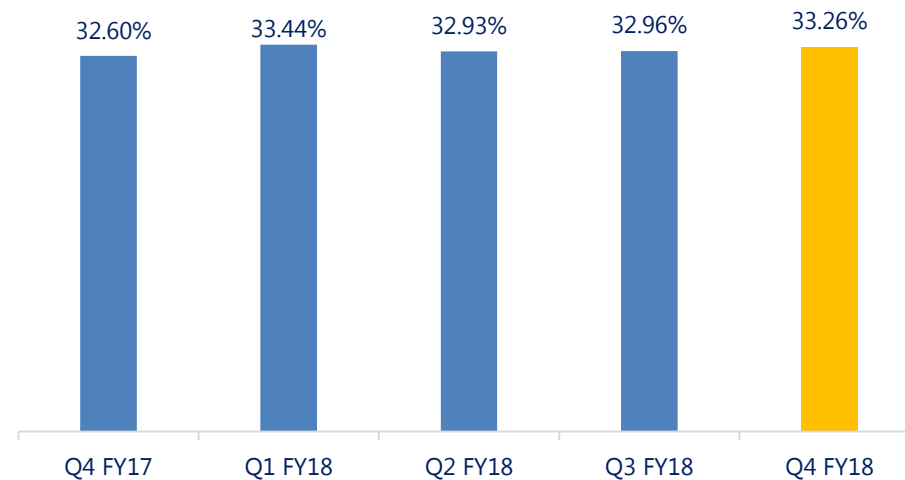
Liability : Trends

₹ in Cr

■ Q4 FY17 ■ Q1 FY18 ■ Q2 FY18 ■ Q3 FY18 ■ Q4 FY18



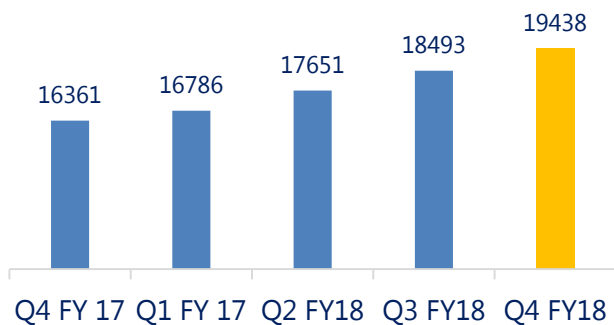
CASA Ratio



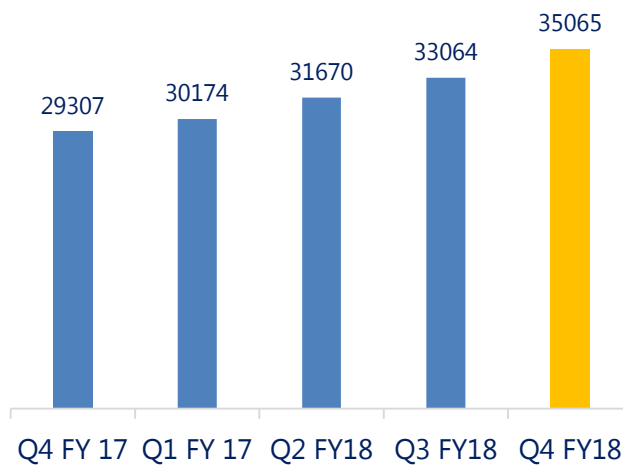


₹ in Cr

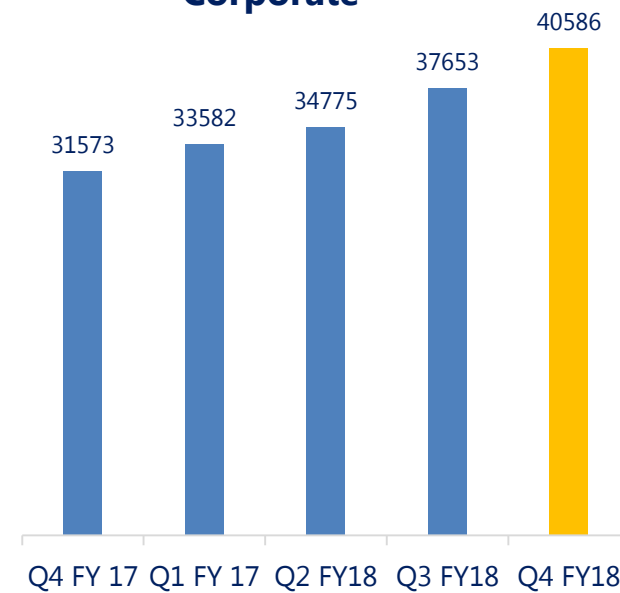
SME



Retail (Including Agri)



Corporate*



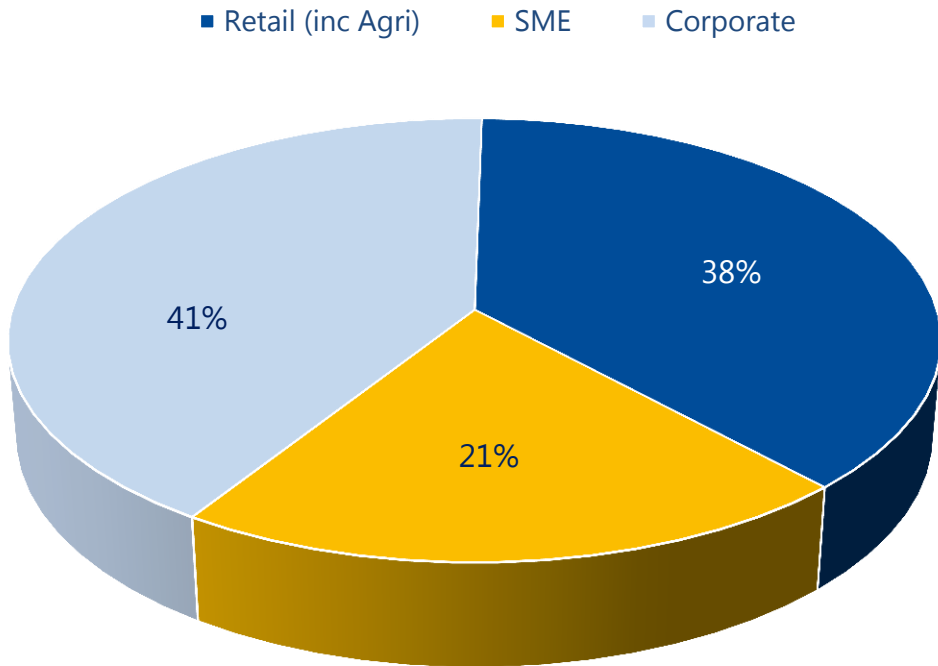
Highlights

- SME Portfolio shows 19% growth Y-o-Y.
- Retail (including Agri) portfolio grows by 20% Y-o-Y .
- Corporate* portfolio grows by 29% Y-o-Y.

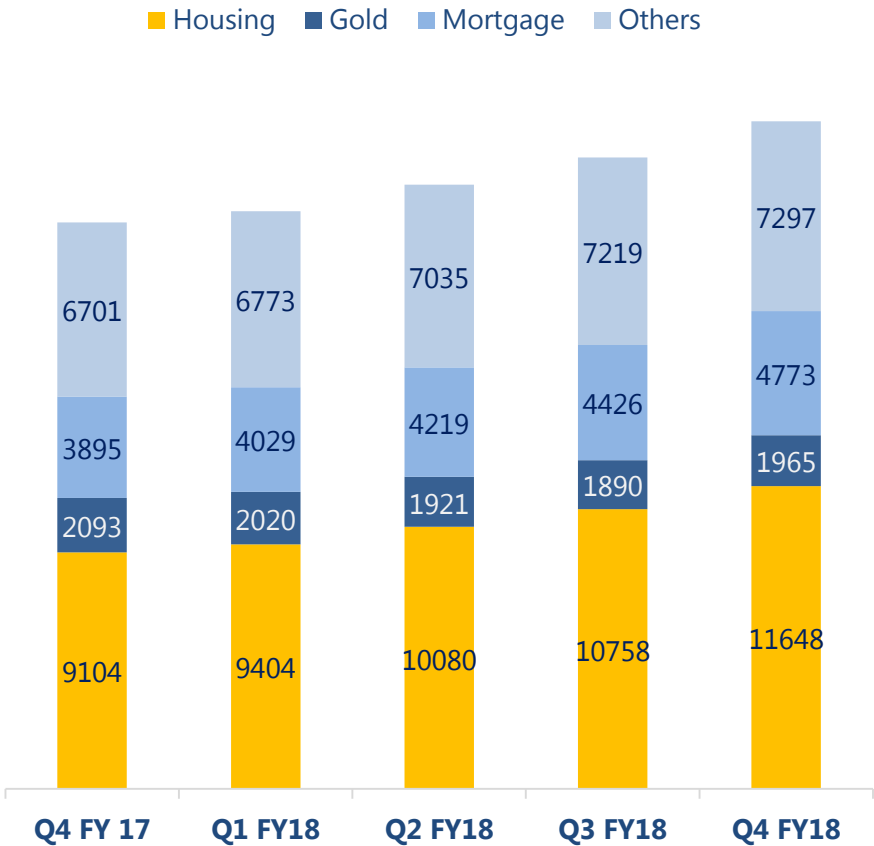
(*Aggregate customer exposure)



Total Loan Book



Retail Loan Book (Excl Agri)





Fee Income/Other income

₹ in Cr

Q4 FY18 Q3 FY18 Q2 FY18 Q1 FY18 Q4 FY17 Y-o-Y %

Loan Processing Fee	46	34	35	28	41	11%
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Exchange, Commission, Brokerage & Other Fee Income	136	120	119	118	130	5%
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Net Profit on Forex Transactions	56	39	41	34	41	38%
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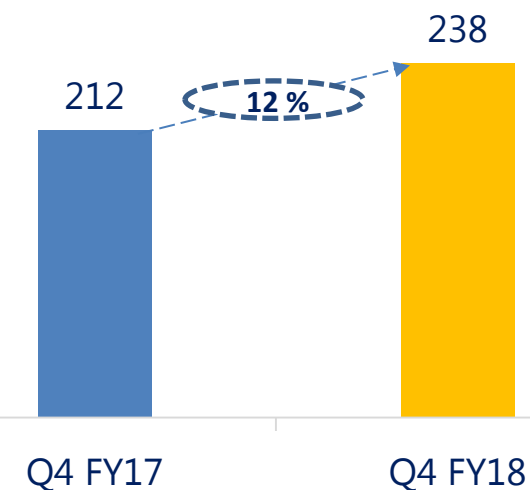
Fee Income	238	193	195	180	212	12%
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Profit on sale of securities	22	29	75	112	54	-59%
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Recovery from assets written off & Other Receipts	54	7	17	37	16	243%
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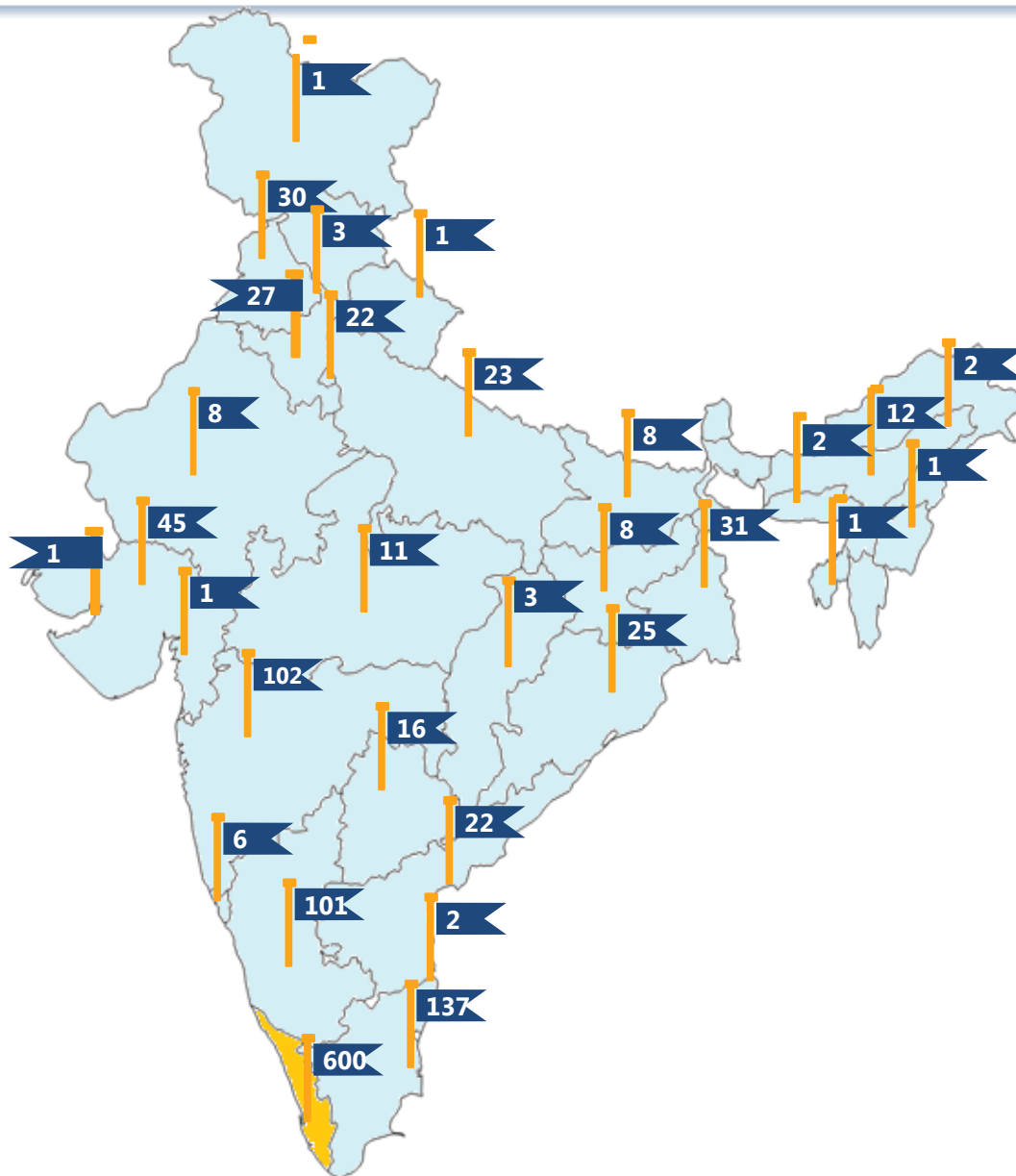
Total Other income	314	229	287	329	282	11%
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Fee Income (Y-o-Y)

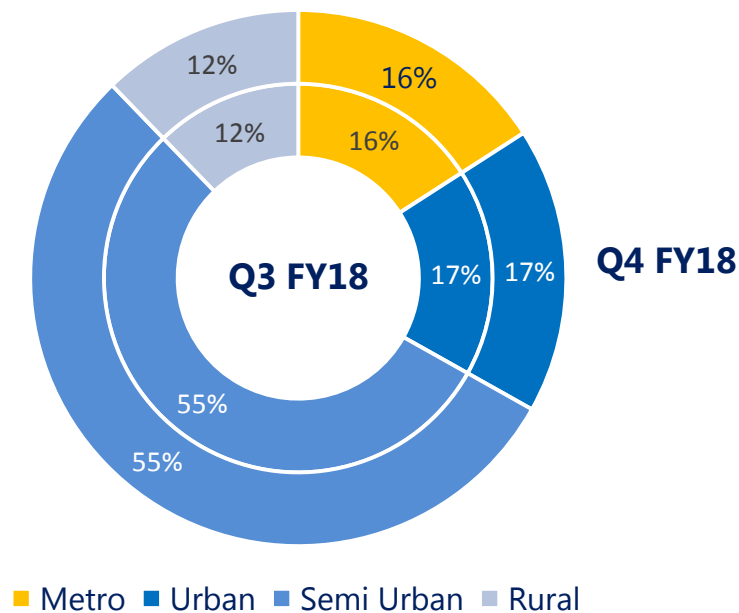




Distribution : Deriving Efficiency from Foot Print



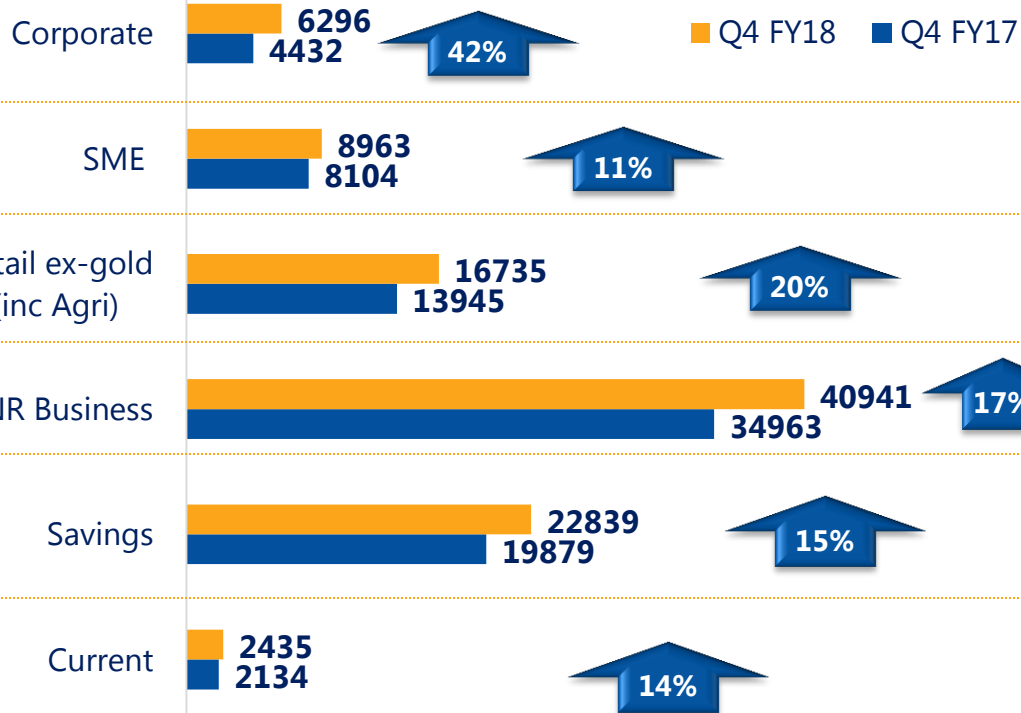
	Q4 FY18	Q3 FY18	Q2 FY18
Branches	1252	1252	1252
ATMs	1696	1679	1678



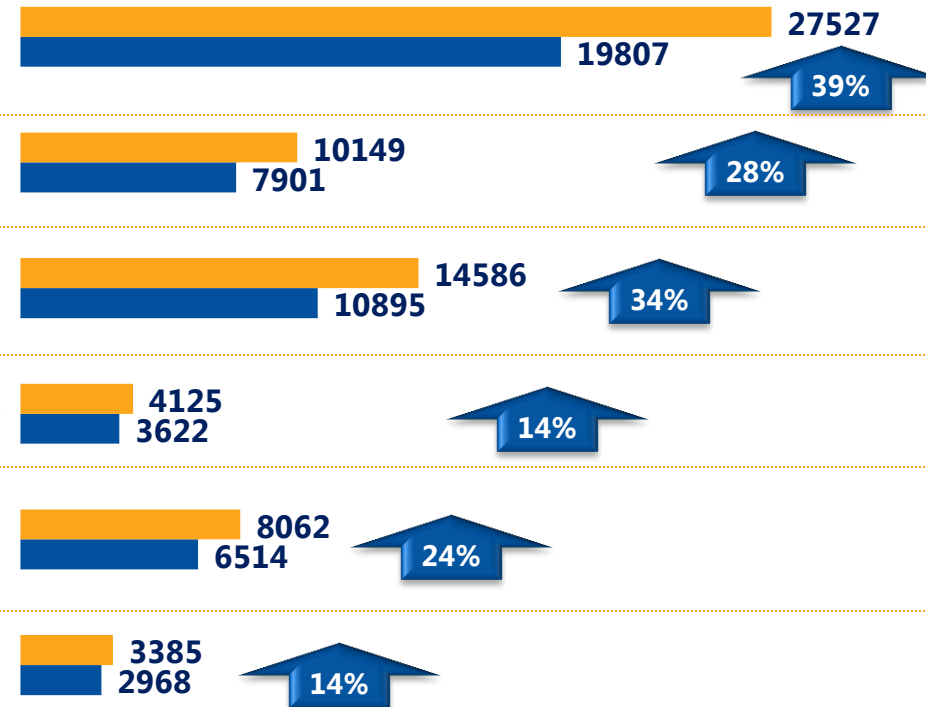


₹ in Cr

Kerala : Continuing Dominance

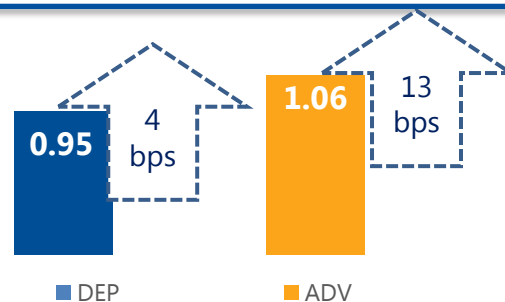


Outside Kerala: Gaining share



* Credit segments are realigned at the beginning of every FY.

Bank's Market Share



Gain in Market Share(Y-o-Y)

Advance: Market Share improved by 13bps
Deposit : Market Share improved by 4 bps



CRAR – How strong is your Bank?

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₹ in Cr

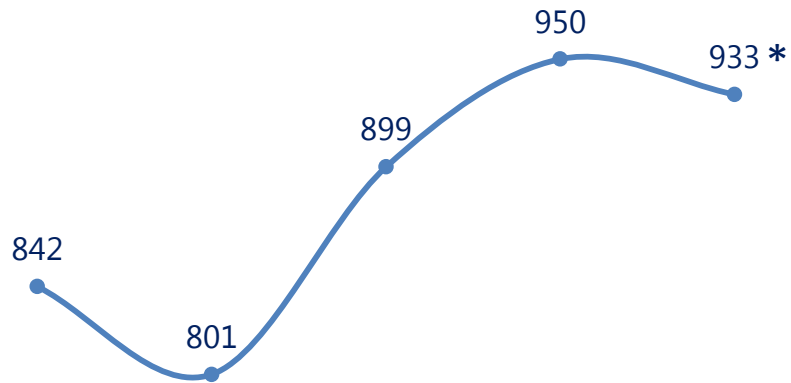
	Mar-18	Dec-17
Risk Weighted Assets		
Credit Risk	73163	69565
Market Risk	3504	4168
Operational Risk	6392	6392
Total RWA	83060	80125
Tier-1 Capital Funds	11776	11089
Tier-II Capital Funds	437	459
Total Capital Funds	12213	11548
CRAR	14.70%	14.41%
Tier-I	14.18%	13.84%
Tier-II	0.52%	0.57%



Annexures



NII Movement (in Cr)



*NII adjusted for Accelerated Recognition

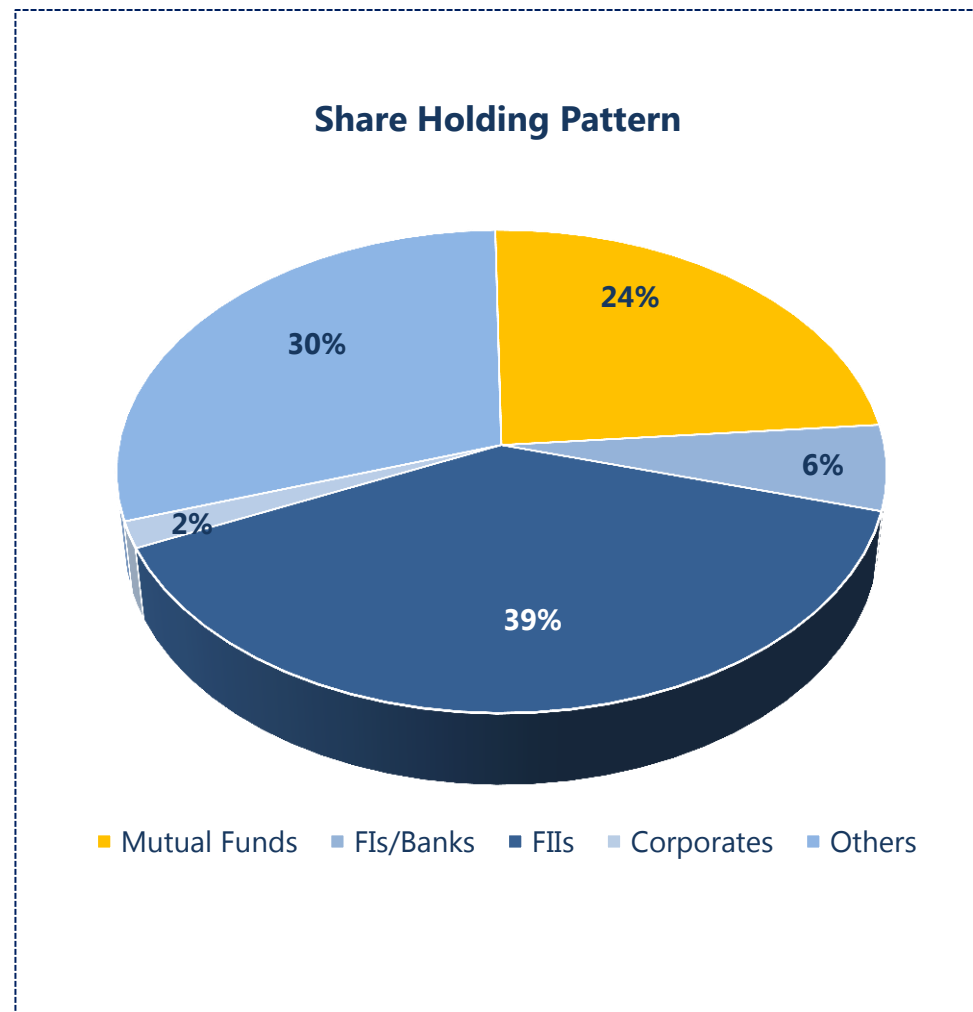
Cost to Income ratio (in %)





₹ in Cr

	Q4 FY18	Q4 FY17
LIABILITIES		
Capital	394	345
Reserves & Surplus	11816	8598
Deposits	111992	97665
Borrowings	11534	5897
Other Liabilities & Provisions	2578	2473
TOTAL	138314	114977
Cash & Balance with RBI	5133	4577
Balances with Banks, Money at Call	4071	2876
Investments	30781	28196
Advances	91957	73336
Fixed Assets	457	489
Other Assets	5915	5503
TOTAL	138314	114977



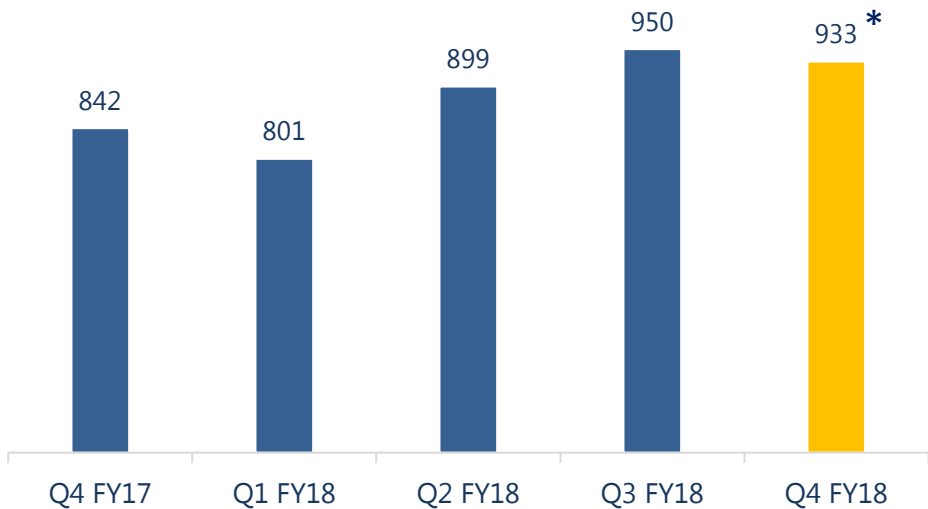


₹ in Cr

	Q4 FY18	Q3 FY18	Q-o-Q	Q4 FY17	Y-o-Y
Interest Income	2548	2501	2%	2316	10%
Interest Expenses	1615	1551	4%	1474	10%
Net Interest Income	933	950	-2%	842	11%
Other Income	314	229	37%	282	11%
Total Income	2862	2730	5%	2598	10%
Total Expenditure	2274	2168	5%	2049	11%
Operating Profit	589	561	5%	549	7%
Total Provisions	444	301	47%	293	52%
Net Profit	145	260	-44%	257	-43%
Net Interest Margin (%)	3.11	3.33	-22bps	3.42	-31 bps
Cost to Income Ratio (%)	52.82	52.37	45 bps	51.16	166 bps



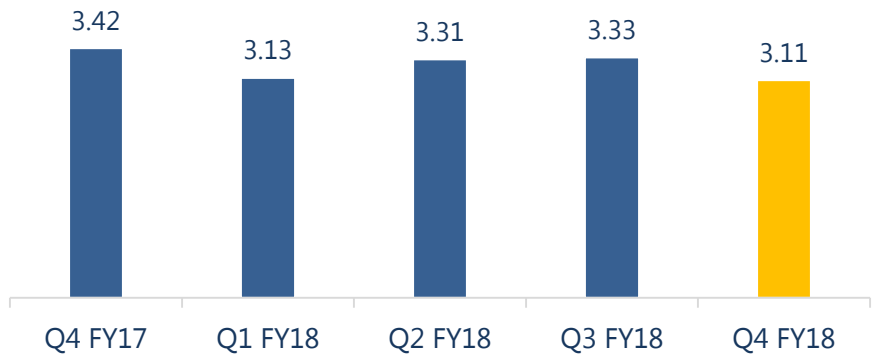
Net Interest Income



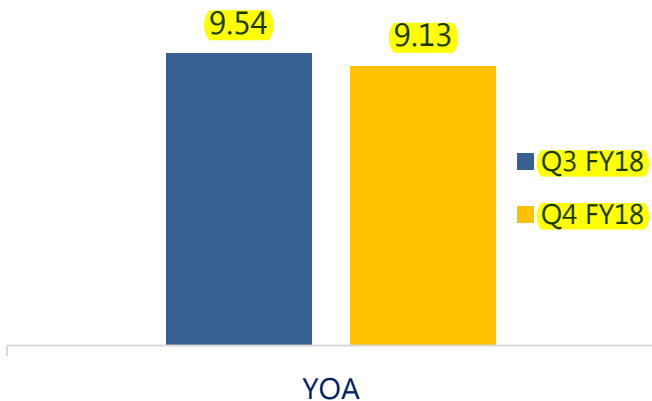
*NII adjusted for Accelerated Recognition

Net Interest Margin (%)

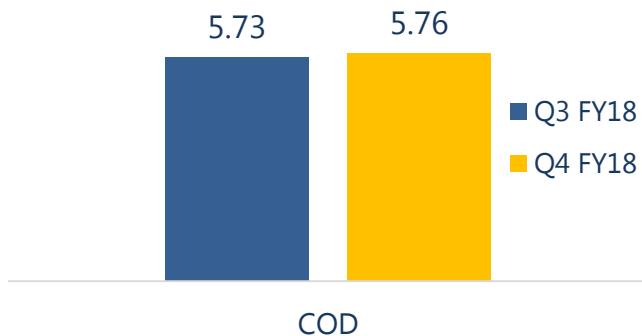
₹ in Cr



Yield on Advances

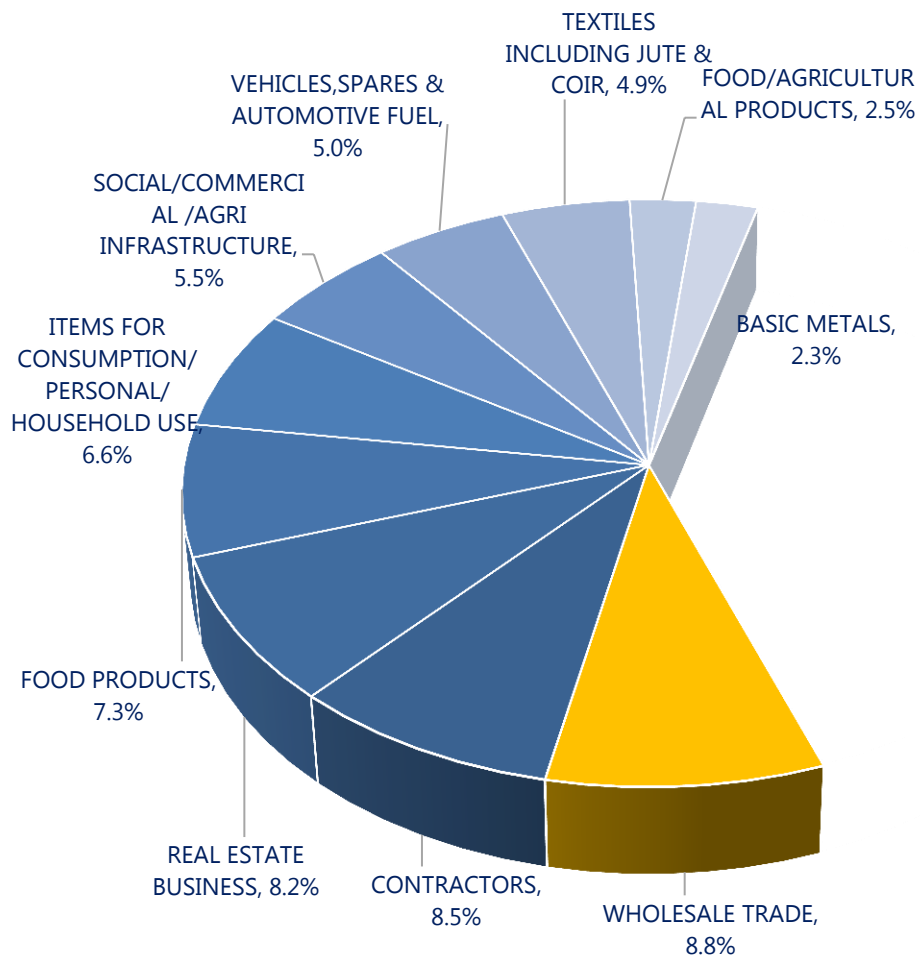


Cost of Deposits

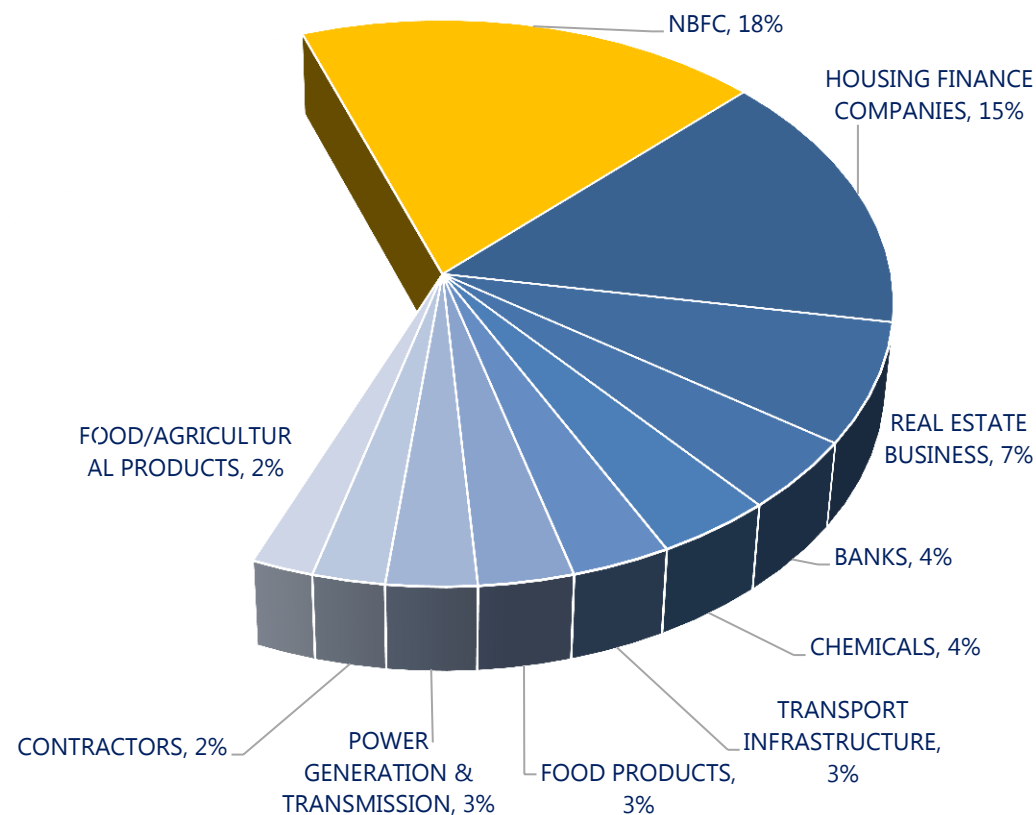




SME Portfolio



Corporate Portfolio





Major Investments

Entity	% Equity
Fedbank Financial Services Limited	100.00%
IDBI Federal Life Insurance Company of India Limited	26.00%

Subsidiaries & JVs

IDBI Federal Life Insurance Co. Ltd.

- Bank's Joint Venture Life Insurance Company, in association with IDBI Bank and Ageas
- Federal Bank holds 26% equity in the J.V.
- Started selling life insurance products from March 2008

FedBank Financial Services Ltd.

- Fully owned subsidiary of the Bank with NBFC license
- Marketing Retail Asset Products of the Bank
- Retail Hubs established at major centres all over India
- Separate mechanism established for speedy and dedicated processing of retail loans sourced through this channel

UAE Representative Office

- Representative Office at Abu Dhabi, established in 2008 & Dubai in 2016.
- Gateway of the Bank to the whole of Middle East
- Increased the reach of the Bank among Non-Resident Indians in the Gulf countries

Fixed Deposit

Certificate of
Deposit

Tier 2 (Capital)
Bonds



*India Ratings
& Research
Pvt Ltd*

A1+

A1+

IND AA

- Fixed Deposits and Certificate of Deposits enjoy highest rating in that class.



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Thank You